

grassroots JOURNAL of the INTER-AMERICAN FOUNDATION development

volume 6, number 1 1982



With this issue, the *Journal of the Inter-American Foundation* takes on a new appearance and changes its name. The new title, *Grassroots Development*, was selected to be more expressive of what the journal—and the Inter-American Foundation—are about.

As it has in the past, the journal will publish articles on how poor people in Latin America and the Caribbean are organizing and working to improve their lives. It will continue to report on the grantmaking experience of the foundation and present the results of foundation-sponsored studies and evaluations.

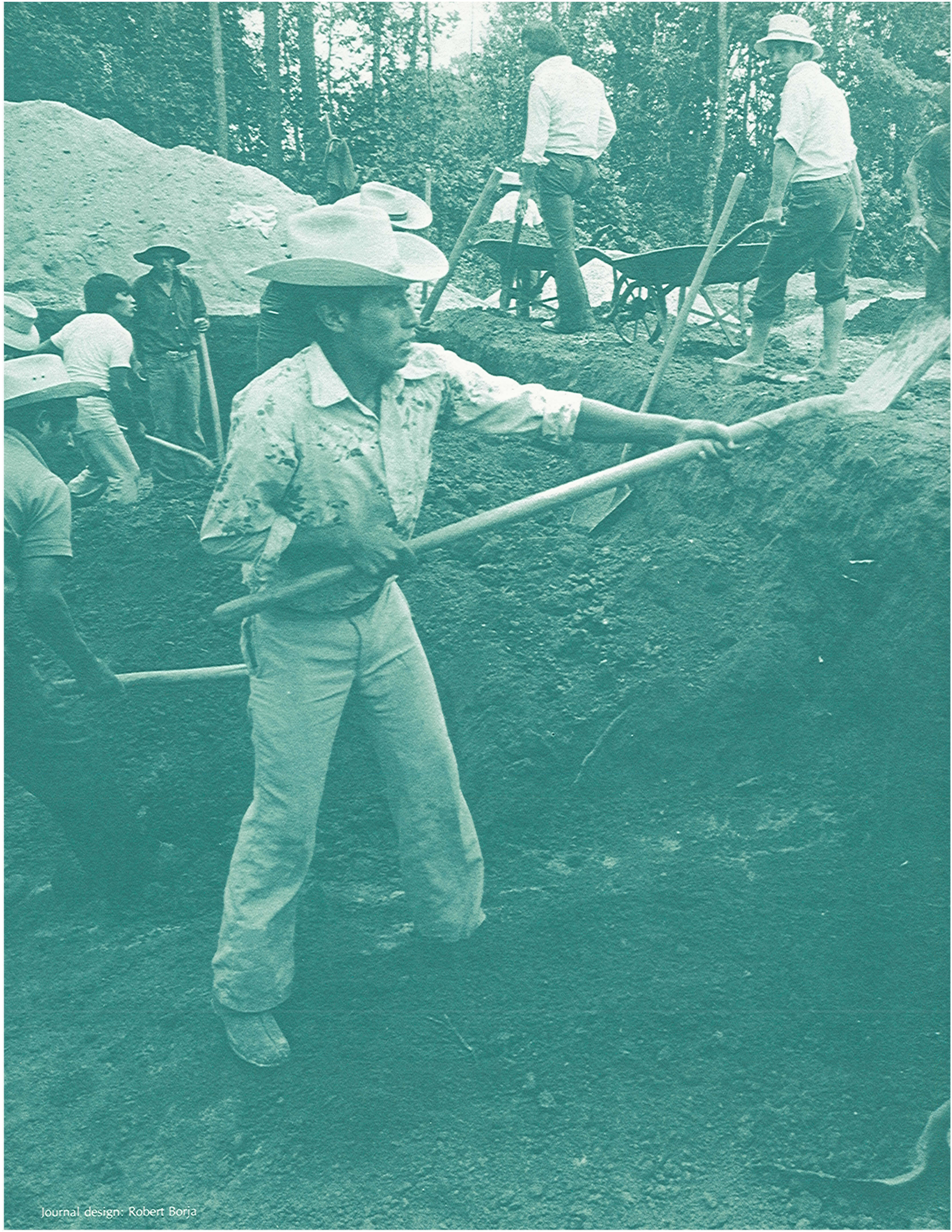
The journal welcomes letters from readers and the submission of articles. Prospective contributors are encouraged to write for "Instructions for Authors."

Grassroots Development is published twice a year in English and Spanish. Material printed in the journal may be freely reproduced. To receive the journal, write to:

Grassroots Development
Inter-American Foundation
1515 Wilson Boulevard
Rosslyn, VA 22209

Contents

Community Participation in Rural Water Supply	3	Community participation is more than a nicer way—it is also a <i>better</i> way to build water systems.	Stephen Cox and Sheldon Annis
La Libertad: A Women's Cooperative in Highland Bolivia	7	Three members of La Libertad, a women's cooperative in Cochabamba, speak out about their lives.	Robert Wasserstrom
Creating Communities: Squatter Neighborhood Associations in Latin America	13	Urban squatters possess an invaluable resource: their capacity to organize.	Julie Fisher
Indian Colonization in Paraguay: What is Success?	19	Less is often more. Sometimes a community needs only land—and to be left alone.	Robert J. Smith, Maria Rehnfeldt, and William M. Barbieri
Five Recent Grants	23	A cattle bank in Chile . . . <i>barnizadores</i> in Colombia . . . self-help housing in Peru . . . banana-stem artisans in Dominica and Haiti . . . reforestation in Ecuador.	
Helping Worker-Managed Enterprises Work	27	Workers who inherit a business also inherit its headaches.	Cressida McKean
The Technology of Self-Respect: Cultural Projects Among Aymara and Quechua Indians	32	Culture can be capital as valuable as land, water, or seed.	Patrick Breslin
Two Women's Production Cooperatives	38	Women's production cooperatives face the same problems as any other production cooperatives—and then some.	Ann Hartfiel
Research Reports	42	Evaluation of a workers' bank in Colombia . . . Consumer research in Mexico . . . Black folklore in Ecuador . . . Coffee credit in Costa Rica.	



Community participation in rural water supply

Stephen Cox and Sheldon Annis

Water and sanitation projects can be effective vehicles for promoting local participation in community development. There are several reasons:

- Villagers usually assign a high priority to the introduction of potable water.
- The benefits of potable water are immediate and tangible.
- Water projects can be designed so that their benefits are equitably distributed.
- Everyone in the community can play an active role in the planning, construction, and maintenance of water and sanitation systems.

Yet most rural water agencies are not particularly interested in community participation. Their interest is the installation of water systems, as many and as quickly as possible. They normally view the extension of water service as an engineering problem—an investment in infrastructure which can be measured by kilometers of pipe laid and number of taps installed. From their point of view, the key question is not whether water projects can promote community involvement, but whether community involvement leads to more and better water systems.

Agua del Pueblo is a Guatemalan rural water and sanitation program that has made community participation its guiding principle. It believes that local involvement in development is a goal worth pursuing for its own sake, that this involvement is an essential condition for building democratic and self-reliant communities. But

it also believes that local participation is ultimately a more efficient way to install rural water systems. This article tries to show why.

What does the abstract notion of "community participation" mean when it is put into practice? Concretely, what does a community *do* when it is "participating"? The case of the village of Pacul, Guatemala, illustrates how community participation in rural water supply can work.

From the outset, the people of Pacul took the initiative. They knew they needed water. After discussing the matter among themselves, they appointed a delegation to seek technical assistance outside the community. When a technician from Agua del Pueblo arrived in Pacul, the town joined him at the spring to measure the flow rate and the quality of the water and to assess the feasibility of building a gravity-flow system. After

his study established that the project was technically possible, every household head put his or her signature or thumbprint on an agreement which specified the obligations of both the community and the agency.

Community members were selected at a town meeting to serve as the water committee. The committee met with the program technician to discuss the work to be done. They placed pictograms on a cloth chart to indicate the proper sequence of activities and to assign individual responsibilities. A project schedule was drawn up to coincide with the return of Pacul's men from the coast, where they find seasonal wage labor on the large plantations. The committee conducted a census and prepared a detailed map with color-coded symbols so that committee members who could not read could monitor the efforts of households under their supervision.

Simple pit latrines are a safe and inexpensive means of disposing of human waste. The committee arranged for the showing of a film on sanitary education, learned how to dig latrines, distributed construction materials, and helped their neighbors with installation. Mothers and children attended discussions and demonstrations on personal and domestic hygiene, and the technician worked with the schoolteacher to plan games dealing with hygiene and latrine use. The older children learned reforestation techniques and helped the water committee plant seedlings around the spring site to prevent soil erosion that could cause the spring to shift or dry up.

As the project took shape, a meeting was held to decide what portion of the

costs the community could pay. A loan was arranged through Agua del Pueblo. The water committee treasurer visited the agency's office to learn bookkeeping and to discuss the collection of monthly maintenance fees and the terms of repayment by the users.

Actual construction of the system did not begin until the design was completed, the budget agreed upon, and the household latrines installed. The tasks of surveying, calculating pipe diameters, and designing the hydraulic system were handled by the technician, though committee members were often on hand to watch and help. Two villagers were elected to work side by side with the construction foreman and to be responsible for operating and maintaining the system.

The committee held a long meeting with the technician and the construction foreman to draw up a work schedule; select a storage site for materials and equipment; and assign each family its responsibility for contributing labor and for collecting rocks, sand, gravel, and lumber.

Construction began on April 11, 1978. The men of Pacul dug 1,760 meters of ditches, helped build storage and distribution tanks, laid pipe, and helped install 20 household connections. On May 19, the project was completed. A community meeting was held to sum up the total costs, collect signatures to the final loan agreement, and plan a festive inauguration.

Epilogue: A little over a year and a half later, an Agua del Pueblo visitor found the *acueducto* to be in excellent working condition. He also found a second piping network that had been subsequently installed. Several months after completion of the potable water system, the water committee had met to discuss taking out a loan for small-scale irrigation. They had located another spring and had sent a delegation to Guatemala City to discuss their plans with the National Agricultural Development Bank. Eventually, their loan was approved, and the irrigation system was installed.

With the irrigation system in place, the farmers of Pacul grew more vegetables for domestic consumption and also began to produce strawberries, a cash crop that brought good prices in

nearby Tecpán. The first yields looked promising, and the committee was hopeful that the extra income would permit both water loans to be paid off ahead of schedule.

* * *

The story of Pacul illustrates how participation in rural water supply can be more than just the contribution of manual labor. Rather, it means direct involvement in every step of the process: planning, implementation, and operation. But *why* do it this way?

There are three reasons: first, to ensure that the health benefits which are possible through water and sanitation investments actually materialize; second, to guarantee that the system will keep operating after the technician has departed; and third, because it is less expensive.

Health benefits

The World Health Organization maintains that "... in most small towns and villages in rural areas, more health benefits can be gained from money spent on a water supply program than in any other way." Yet money spent does not necessarily produce the health benefits that are promised.

Why? Primarily because most water programs fail to consider the complex behavioral changes that are required if the transmission cycles of water-related diseases are to be broken.

Traditionally, water programs in Guatemala have concentrated on improving the *quality* of water by substituting the use of a protected source for a polluted one. Yet even if the family is drinking clean water, the fecal-oral pathogens that cause many water-borne diseases may still be ingested if hands are not washed and dishes are not clean. In part, this is simply a function of *quantity*. If water is abundant, people will use more of it for personal hygiene; but if it is scarce, distant, or expensive, people will use it only for drinking.

The healthful use of water also depends on information, and this is where community participation can be critically important. In most villages, children and women are the primary victims of water-related disease. The children suffer from diarrheas and par-

asites; the women must care for them. When women and children have been closely involved in the water project—by choosing the location of taps, for example, and taking part in health education exercises—they learn how water should be used. The process of participation can also be the process of health education.

Similarly, sanitary facilities must not only be installed, they must be correctly used if potential health benefits are to materialize. Even when their commitment to building a new water system is great, villages are rarely convinced of the need for improved excreta disposal practices. As Elmendorf and Buckles point out in a recent World Bank case study, "Behavioral changes in excreta disposal practices came about as a result of gaining the commitment of important community members who were willing to persistently address the issue on a daily basis within the community in a practical and persuasive manner." Members of the village water committee can serve that role. They not only provide information and advocacy, but more importantly, they set visible examples by the installation of latrines in their own homes.

A more reliable water supply

As many as one-third of the village water systems in the Third World are estimated to be out of commission on any given day. Reinfection with fecal-oral pathogens can take place literally overnight. One recent study found that breakdowns that force people to use contaminated water for only two percent of the time risk undoing the health benefits of drinking clean water during the rest of the year. Providing villages with clean water and changing hygienic practices are of limited value if the water system works only intermittently.

Rural water and sanitation programs that serve many dispersed communities respond slowly to system failures. Sometimes it takes days to hear about a breakdown in a remote village, and additional days, weeks, or even months for a repair team to be dispatched to the site. Yet many rural water institutions continue to use fees from client villages to finance expen-



President of village water committee.
Village of San Lorenzo, Tecpán,
Guatemala.

sive, centrally-based maintenance teams.

Transferring the skills and responsibilities for repair to the community is an effective alternative. A 1979 study of 34 Guatemalan village water projects built over the previous 15 years found that village involvement in operating and maintaining systems was essential for keeping them working. Where villagers had received practical training in operation and maintenance, there were fewer system failures and fewer days per year without clean water due to breakdowns.

To handle this responsibility, a local water committee needs to assign periodic upkeep responsibilities to community members, collect regular fees from beneficiary families, and purchase new tools and spare parts as needed. Direct community control over the fund establishes an incentive for regular, preventive care of the system. In Agua del Pueblo projects, the community is encouraged to invest part of its fund in other community improvements when the balance exceeds anticipated maintenance needs. Controlling the fund allows the community leaders to pay for outside technical assistance as needed, but it does not force them to subsidize either a centralized program or the repairs of other communities that devote less attention to preventive maintenance.

Villagers selected at the outset of the project to work closely with water program personnel can be taught skills for periodic maintenance tasks and most emergency repairs. In the simple gravity-flow water systems most common in highland Guatemala, the tasks are straightforward: periodically cleaning valves and tanks, routinely repairing

broken pipes, and replacing worn-out washers or faucets. For these purposes, an adequate supply of simple tools, lengths of pipe, washers, cement, and spare faucet assemblies should be left in the hands of the water committee when the system is completed. Although more sophisticated technologies may require more extensive training programs, the principle of user-maintenance remains valid for nearly all village water system technologies.

In Pacul, a seasonal flash flood destroyed the supports that carried the pipeline over a stream that runs through the village. The next day, villagers who had participated in the construction of the system used their supply of materials to repair the supports and the broken pipeline. Clean water was available again in a matter of hours.

Cost savings

Community participation can help to trim costs in a variety of ways. First, contributions of local materials and voluntary labor may account for a significant savings in project costs. Using prevailing market rates, a recent analy-

sis of Agua del Pueblo's projects shows that these inputs accounted for nearly 40 percent of all project costs. Second, a well-organized committee that can deliver these contributions to the project site when they are needed enables the paid technical staff to go about its work rather than wait for supplies or helpers to materialize. Third, community involvement in operation and maintenance saves money by reducing the number of expensive, post-construction site visits by outside maintenance personnel.

Finally, the most significant economic contribution can be the community's sharing of the system's capital costs. The potential for mobilizing local resources for rural water projects can be quite substantial. Agua del Pueblo uses subsidized loans to cover an average of 80 percent of the costs of purchased materials, the transportation of those materials, and the hiring of the construction foremen. The loans carry an interest rate of five percent and are amortized at \$1 per family per month.

If the community is to assume a major share of the construction costs by taking out a loan, then the water committee must be legally authorized to collect payments and be trained in bookkeeping and accounting. The community must be satisfied with the system and willing to take on the obligation of loan repayment. The committee must be able to monitor each household's payments in order to avoid communal delinquency.

Agua del Pueblo's requirement that a substantial capital investment come from the community is unusual among water programs, which normally limit the community's contribution to the



Early-morning construction crew assembled by water committee, Panimacoc, Guatemala.

provision of labor and locally available materials. To date, 15 of the 16 loans in the program's portfolio are up-to-date—testimony that communities will pay for services that they value and helped to create.

Institutionalizing community participation

Can community participation be "institutionalized"? Can an activity that works well in a small private program be equally effective as part of a nationwide water campaign? Do participatory methods rule out the economies of scale that national bureaucracies seek to achieve?

One difficulty is that water systems installed with extensive community participation may take longer to complete. The organization and training of a village water committee, health and hygiene education, and the instruction of local maintenance personnel all require time and effort from program personnel. This time investment may be large, but it is not time lost. A local water committee can free days of a technician's time by locating alternative springs and collecting census information. A committee can guarantee that contributions of local materials and voluntary labor are available when needed so that construction can proceed rapidly. Local responsibility for operation and maintenance reduces

demands for institutional attention when breakdowns occur.

Another difficulty with institutionalizing participation is that most water agencies do not employ personnel who are able to invest the *kind* of time that is required. If the water agency is to use participatory methods to build reliable water systems and to motivate the complex behavioral changes required for health improvements, it must employ someone who can communicate effectively with village clientele. This person must be trained to make technical decisions (what size pipe) and also resolve social conflict (where to put the pipe). Someone must explain principles of hygiene and sanitation. Maintenance and repair skills must be taught. If loans are to be provided, a workable mechanism for repayment must be established.

Traditionally, water programs have employed the relatively expensive services of university-educated civil engineers and other specialized technicians for the performance of most on-site tasks. Typically, these technicians are young, urban professionals who have not had extensive rural experience. In some respects, these individuals are both under- and over-qualified for the job at hand.

The solution of Agua del Pueblo is to train multi-skilled field personnel, similar to the health workers who are now common in many primary health

care programs. In Agua del Pueblo's program, high school graduates from rural backgrounds receive six months of instruction in surveying, basic hydraulic engineering, system design and construction, latrines, health education, community organization, and project administration. Working under the minimal supervision of a civil engineer, they provide technical advice and support as the communities work through the steps of installing their water systems themselves.

* * *

In December, 1980, the villagers of San Juan and Chuacorrall inaugurated a joint water system. Like the people of Pacul, these men and women had participated fully in each phase of their water project. Two months later, the joint water committee met in a makeshift schoolroom built with materials collected by their communities. They discussed how to raise enough money to build a more permanent schoolhouse, which they hoped would attract a full-time schoolteacher.

In the long run, their talk of schoolrooms, irrigation systems, electrification, and access roads may be the most eloquent testimony to the lasting value of participatory water projects. But in the short run—it should not be overlooked—their water was clean and running.

STEPHEN COX recently returned from two years of work with Agua del Pueblo in Guatemala and is now director of the program's Washington office. SHELDON ANNIS, who worked in Guatemala for several years, is a program officer in planning and research at the foundation and editor of this journal.

La Libertad: a women's cooperative in highland Bolivia

Robert Wasserstrom

Among the projects in the central Andes that the Inter-American Foundation supports is a savings and loan cooperative in Cochabamba, Bolivia. It is called "La Libertad"—or, as its members (who are all women) sometimes say, "Libertad de Mujeres." Most of these women earn their living selling in the *cancha*, the city's central marketplace and the focal point of commerce throughout the eastern highlands. Since 1979, the foundation has provided \$354,600 to create a loan fund and to finance the construction of 41 houses which La Libertad's members are now building just outside the city limits.

The cooperative traces its origins to a religious organization called COMBASE (Comisión Boliviana Evangélica), which provided small monthly assistance grants to poor mothers if they would attend evangelical services. Led by Wilfran Hinojosa, an officer of COMBASE and a Protestant deacon, several staff workers left the parent organization in 1975. They formed their own nonsectarian agency which eventually created La Libertad.

La Libertad differs from other savings cooperatives in several ways. For one thing, it is primarily a women's organization. For another, its permanent staff includes only two people: a social worker and an administrator. All other officers are elected for yearly terms and meet each week to conduct the cooperative's affairs. Semiannual assemblies allow its membership (currently 1,200) to approve or disapprove the policies formulated at these weekly meetings. Such assemblies are normally attended by more than 300 members.

It is not surprising that the rules of the cooperative deliberately favor

poorer women. According to the organization's bylaws, members may borrow twice the amount they have on deposit in their savings accounts up to approximately US\$100. A sum of this magnitude means very little to someone with even a small amount of capital, but to a poor merchant in desperate need of cash to replenish her stock, it is often the difference between supporting a family and going out of business. Moreover, the women feel that it is *their* organization, that it gives them some control over their own lives and a way to stay in contact with other women. Perhaps for that reason, almost no loans have gone unpaid.

The interviews presented here seek to show how women who belong to La Libertad survive and sometimes prosper under the harsh reality that is their lives.

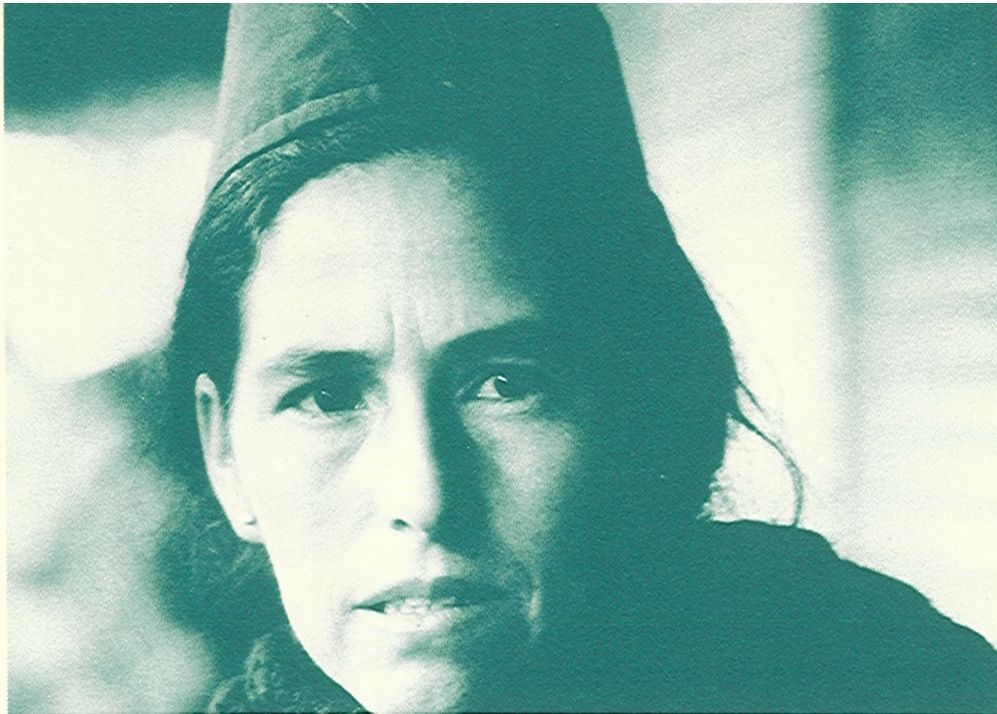
"I've always been an activist"

Interview with Benigna Mendoza de Pariente

I was born in Totora, about 130 kilometers from here. It was a very peaceful place; my parents have always lived there. I came to Cochabamba when I was about twelve, and I never went back again. I'm afraid of the trip, because you have to go by truck. One time I was on my way for a visit and I saw a truck nearly turn over. It made such an impression on me that I've never traveled anywhere.

I got married when I was very young and had eight children. My eldest girl is already twenty-four. The others came two years apart, down to my youngest daughter, who is eight. Last year two of them finished high school, and this year another one will graduate. I also have a daughter in the *colegio* (junior high school). They all want to go to the university or to a teachers' college. But the teachers' colleges in Bolivia have been shut since last year, and the universities close down without warning. One day they're open, the next day they're not. So my children don't really know what they'll end up studying. It's a big problem, especially for poor people who already have a lot of insecurity.

Ever since I was very young, I've made *tostados* (roasted corn or rice) to sell in the market. In Cochabamba there really isn't enough work for everyone, and the wages are too low to support a family. You're better off if you have your own little business. Of course I had a few problems at first—I didn't have enough money to get



Benigna Mendoza, president of La Libertad.

started, and nobody would lend it to me. So I began to join in what we call *pasanaco*. On market days, or sometimes every day, a group of us puts together 100 pesos from whatever we had earned. Let's say that ten people participated. Every week or so a different person would collect the money. That's how I was able to get enough capital to start my business and build my house.

The first thing I did when I got the money was to buy a machine that makes tostados. At the time, my younger brothers were working for a neighbor who did this, and they thought it was a good business. We started out with a small machine, but it only held a pound of ground corn so I sold it. Then I decided that I could do better if I just bought tostados wholesale and resold them. Now we sell a number of different things like that. In fact, there isn't enough time to get everything done. We need a lot of hands to meet the demand. The trick is to deal in large quantities if you want to make a profit. Of course, some things are more lucrative than others. You make less from toasted corn—it costs less, and it brings in less. With rice, you need more capital, but you also make more money.

I began living in this part of town 18 years ago because of an organization called the Tenants' Housing Union. The area used to be part of a huge estate that belonged to three families:

the Quirogas, the Sánchez de Losados, and the Gutiérrezes. At first, they didn't want to sell us any land. So we occupied it anyway; we crept in at night and put up our houses by dawn. There was an irrigation canal here that was a big help because we used the water to make adobe. Some people even lived in tents. And once we were here, no one could make us budge.

Not that we got any help, either from the prefect or the mayor. The only person who supported us was a woman who had some position in the ministry. A whole group of us went to see her, and she made sure that they wouldn't throw us out. The owners finally agreed to sell us the land because it wasn't really worth much anyway. Then the leaders of the tenants' union bought up everything they could and tried to evict the rest of us. When that happened, we formed another union, and I became one of the officers.

During this time, we clashed several times with the authorities. People here were armed with rocks and sticks; the police used tear gas and even guns. They acted like a bunch of thugs. But they didn't scare anybody. On the contrary, we actually threw them out. Everybody in the union took turns standing guard, just like in the army. If any outsider tried to get through, we set off dynamite. After that, no one dared to bother us.

Not that we didn't have other prob-

lems. The community was divided between people who had some money and people who didn't. Eventually, we split into two different groups; the richer group formed their own cooperative. One of the owners figured out what was happening, so he tried to take advantage of the situation. First, he sold land to members of the other cooperative and refused to recognize the union. He also caused a lot of conflict by selling the same lots to different people. Then he exploited the disputes which arose to his own advantage by having people from the cooperative attack union members. For example, one night they came and threw rocks at my house. But we found a very decent lawyer in Sucre, and he convinced the owner to sell us some of the land. If that lawyer hadn't agreed to come here, we might never have reached a settlement. As it was, we fought for twelve years. But when people are united, they can do anything. Unity makes strength!

I joined La Libertad six years ago. I was one of the first members of an organization called COMBASE. They used to give us a monthly allowance for our families. People would go to Don Wilfran, the director of COMBASE, and say, "I'd like money for a stove," or whatever else they needed. And he'd ask them, "Why don't you get together and start a cooperative? You could put your money together and do something with it."

At first, I had my doubts. One of my brothers had put his money in a cooperative, and they gave it back to him without a cent in interest! That scared me. I didn't even want to hear the word "cooperative." But Don Wilfran kept telling us that we ought to

join forces. He'd say, "Spend a little less on onions and tomatoes. Bring whatever you save and deposit it. Little by little it will add up." After a year, though, I quit. It seemed like such a small amount, and it wasn't enough to get a loan.

I stayed away for a long time. Then one day someone asked me, "Why don't you start coming to the cooperative again? You'll always have something to fall back on. It gives you some security." So I became active again and took out my first loan. And I started to like being able to save a little nest egg. This year I was elected president. First I was a board member, then I became secretary, then vice president, and now I'm president. We meet every Monday to discuss our business and administer the loan fund. Whenever we can, we approve the requests our members submit. We only reject those people who can't repay.

"Saturday is my only day off"

Interview with Dora Pardo Ayala

I was born in Totorá. When I turned sixteen, I came to Cochabamba and worked as a maid. Even though my parents are still alive, you might say that I raised myself. Now I own this house, and I have them with me. I live with my three children—I don't have a

husband. I'm single, and I work by myself. Ever since I moved here from my village, I've made my own life.

As far as working goes, I've done several different things. I left my first job because I don't like taking orders from other people. I began to make these sweaters, like the one I'm knitting now. We sell them at the market to whoever pays the most. I can make about four a week and sell them for 190 pesos apiece (US\$7.50). You don't earn a lot of money that way—sometimes 20 pesos per sweater, sometimes only 15. It's very hard work because you have to card the wool and take out the lint. Once I get started though, I don't like to do anything else: I lose too much time.

Some time ago, I decided that I wasn't making enough to live on. So I said to myself, "Maybe I should take a job at least until I can save some money." I found one as a maid again, but the lady I worked for would never pay me my full salary. She'd give me 300 pesos—sometimes 200—and I didn't like that. I was knitting, too. Every night when I got home, I'd work on a sweater until early in the morning.

After a few weeks, I decided to quit this job because it wasn't working out very well. For one thing, my children had to stay here alone. I'd fix their lunch before I left in the morning. But

when they got home from school, they didn't want to eat by themselves. So they just left everything on the stove. The food sat there and spoiled. That's the main reason I quit work: my children. No one was there to look after them. My parents weren't living with us at the time and the children were all alone. I tried to take the youngest one with me, but she would get tired and cry. I didn't get out until very late at night—nine or nine-thirty. And sometimes the buses weren't running at that hour. All in all, I worked from June to September, and then I gave it up because my children weren't getting the attention they needed.

After that, I had a lunch stand which I rented from my brother-in-law. That didn't last very long either, because I didn't make any money. I had to borrow 12,000 pesos (US\$480) to open it, and I ended up losing 5,000 (US\$200). The place was like a tomb; I didn't have any customers at all. There was a restaurant across the street where people went to eat and drink, so they didn't even buy a soft drink at my stand.

Then I decided to try selling *coca*. My older sister lent me the money to buy it, and I was going to pay her back later. All together, I bought 16 bundles of coca leaves. I took them by plane from here to Santa Cruz because the trip is too long by bus. The first time, I started out on Christmas Eve. I bought cookies and other things like that for my children, so they could help themselves while I was gone. I didn't get back until February—nearly six weeks later.

On that trip, I got to Montero, where I sold the coca to some women who have a kind of store. You send your coca out there from Santa Cruz by truck, and the whole transaction is heavily regulated by the police. When you sell your load, you have to give them all the details—the license plate number, the name of the driver, the color and make of the truck. They make you sign a receipt that says what you're selling.

I only made two trips down there to sell coca. The first time I didn't make a

Dora Pardo Ayala, spinning wool for sweaters.



Jeffrey Fox

penny because my expenses were too high. On the second trip, I had to wait a month just to get paid—a whole month, with my children here alone, because I didn't have enough money to come back. And since I was staying in a hotel, I had to pay for food, a room, everything. In the end, I lost 12,000 pesos (US\$480), and I had to sneak away like a thief in the night. I still owe the money my sister loaned me, even though she hasn't asked me for it yet. She says, "Someday when you have it, you'll pay me back."

Another problem is that my daughter is sick, and I have to take her to the doctor. She has rheumatism, and her joints are deformed. She can't bend her knees; they're just stiff. For a long time, she couldn't walk either. She'd just sit there; it was terrible. And the medicine is expensive. Her father doesn't help me out very much. He gives me 350 pesos a month, and sometimes he buys her clothes.

I think she's gotten a little better, though, since I started using the remedies my neighbors suggested to me. They said, "Put her in cold water." The first time it rained this year, early in the morning, I undressed her and bathed her in cold rainwater. She was screaming, "Take me out, mama! I'm freezing! I held her there for five or ten minutes. Then I dried her off, wrapped her up, and put her in bed. I gave her hot broth, tea, and I don't remember what else. She shivered until noon. I only kept her in the water from the waist down, because of her knees. What I want is for her to bend her knees. She came down with an awful cold.

I feel desperate seeing my daughter

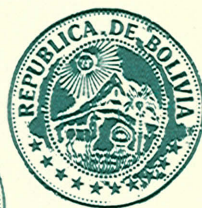
like that. She was healthy until she was six. At the time, I couldn't afford to pay much rent, so I lived in a house that was very damp. When it rained, the water poured into our room. Of course, we didn't have any electricity, so we used candles. Sometimes during the night, I'd light a candle and see two or three inches of water on the floor with our things floating around in it.

I lived there for almost two years. That's when she got sick. One time she was in Albina Patiño Hospital for a month and a half. When she got out, she still couldn't bend her knees, and her hands were also deformed. I'm not sure, but I think she was worse when she left the hospital. She just sat there like a baby, with her toys in front of her on the table. So I started taking her to healers in the neighborhood and giving her baths at home. And I think she has gotten a little better. Now she's in school—in the third grade—and she seems to be doing all right.

As for this place, I bought my lot before the house was built. I was supposed to pay it off in three years; but I couldn't make the payments, so I had to sell half of the property. After that, I built the two upper rooms. My parents gave me ten sheets of roofing material; they helped me put in the electrical wiring and buy the stucco. In return, I let them live here without paying any rent. Then I took out a mortgage for 15,000 pesos (US\$600) which I used to buy the windows, doors, sand, and cement. For awhile I was paying back 480 pesos a month (US\$19), but I decided that the interest charges were too high. I had some

money, so I paid off the mortgage and got my title to the house. And now it's mine.

I joined the cooperative because Doña Celina, the ex-president, urged me to become a member. One day she said to me, "Why don't you come into the cooperative?" I didn't know a thing about it, but I signed up anyway. Then I applied for a loan of 33,000 pesos (US\$1,320) from a special cooperative fund. That's how I got the capital I'm working with now. I use it to buy merchandise like clothing from the big suppliers, and I sell it on credit to women who have stalls in the marketplace. Every Wednesday, I make my rounds to collect what they owe me, and the rest of the week I make these sweaters. Saturday is my only day off.





Hilaria Villaroel, selling *rellenos* in the market.

"I grew up by myself"

Interview with Hilaria Villaroel

I am an orphan. My mother and father died when I was a child. I never had any family that I can remember. I'm not even from Cochabamba—my home was near Minerales. When I was very young, my mother asked another woman to raise me. This woman was from Puñata, and her husband was a teacher who had been transferred to some other part of the country. But when his contract wasn't renewed, they took me back to Puñata with them.

And how they made me suffer! From the very beginning, they beat me. Even the children hit me whenever they wanted to, and I just had to put up with it. Other people would tell me, "You're a fool to stay there! You should go to Cochabamba, get a job. These people don't even give you enough clothing." And since I had

never been to Cochabamba—I had only been to the villages around where we lived—I used to wonder, "Where is Cochabamba? How far away is it?" Then one day I left. I cried all the way. I couldn't stop thinking that my stepparents were following me, that they were going to catch me and take me back. I thought, "What am I going to do? Where can I go?"

But God provided for me, and I found a girl who was taking care of some sheep. My mouth was all swollen and bloody, and she asked me, "What happened to you?"

"They beat me," I told her.

"Why did your mother beat you?"

"She's not my mother, she's the woman who raised me."

"Where are you going now?"

"Anywhere. Wherever I can. I just want to disappear. If they find me, they'll beat me even worse."

So she said, "You can't walk around these mountains by yourself. You might be killed by thieves."

"I don't care," I said, "Anything is better than being beaten."

The rest of the day I hid by a little stream. The girl wouldn't leave me. She gave me some toasted corn and rice, but I couldn't eat. All I could do was cry.

She told me, "You can't leave. Our mother is very kind. You'll stay here with us forever."

"No," I answered. "They'll come after me."

I said this because these people had told me, "If you run away, we'll find you wherever you are—even if we have to go to the ends of the earth. And when we find you, we'll break both of your legs!" That's what they said.

But the girl wouldn't let me go. She took me home and told her mother. When the older woman saw me, she started to cry. "How could they do this to you? That's what happens when a mother dies." I stayed in bed there for a month. And God must have been watching over me because they gave me food and hid me in the house. But I was so scared that I couldn't eat.

Then one day I said, "I want to earn my keep. I want to pay for my food and clothing."

"You can herd sheep," the girl said, "and our cow has some calves you can look after."

"Fine," I told her, although I didn't know anything about it.

So I started to take care of the sheep. I earned about five pesos, I think. It was the first time I had ever seen any money. I stayed there for six months, maybe a year.

After awhile, I found another job



because I needed a raise. Then I became a maid. I started to save a little bit from what they paid me. Then I sold vegetables; I bought them in the villages and traveled from one market to another. I also bought fruit on credit and resold it. Later I rented a little room in a grocery store and put all of my merchandise there. The owners let me put a lock on the door. But since I was away so often, someone must have been watching the place, and one day they cleaned me out. I ended up in the street without a penny to my name.

After that, I came to Cochabamba. First, I sold soap. I bought it in the city and traveled to the countryside, places like Puñata. Then some of my friends here asked me, "Why don't you sell bread in the main marketplace? We'll help you get started." People trusted me; I was modest and good-natured. The bakers preferred to sell me their bread. I was honest, and God must have provided for me because I did very well. In fact, many of the other women were jealous because I sold so much. We used to buy our bread once a week and settle our accounts on Monday. I always paid in full, no matter what happened—not like some of them.

The bakery where I got my bread was owned by a woman who became my son's godmother. Whenever I went there with my son Edgar, she would say, "I don't want my godson to be unhappy." So she'd break a loaf in half, put some cheese in it and give it to him. The boy developed quite a taste for bread, and he still loves it.

I met my husband there, too. He was working in the bakery. We got married, but he became a drunk. He

took the money I earned and spent it on *chicha* (a fermented drink made from corn). After a few years we got separated. My *comadre* hadn't wanted me to marry him in the first place. "Why do you want to get married? You're only going to have problems with your son," she said. But he wanted to marry me, and my *comadre* got angry. After that, whenever my son went to pick up the bread, she didn't give him any more presents. He became very resentful. "I'm never going back to see my godmother," he told me. "She doesn't give me anything to eat." Since then I've never gone to visit her.

Later on, I had trouble with my health. I had pains all over my body, especially in my stomach. I went to the hospital, and the doctor told me, "You need an operation. You have a hernia, maybe even a tumor. It's going to keep growing and getting worse. And then it will probably rupture." When he said that, I got scared, and I didn't go back to the hospital. Finally, I couldn't stand it anymore. I was walking around the house in pain all the time—it was driving me crazy. I survived the operation, but lately I've gotten worse again. It's like my insides are on fire, like I have gangrene.

Now, I'm working again. I make *rel- lenos* (potatoes stuffed with egg and vegetables) which I sell hot in the marketplace. A lot of people buy them. I also started to sell clothing which I bought with money I borrowed from the cooperative. But that didn't work out because my children took what they wanted, and I couldn't pay off my loans. At one point I even thought about withdrawing from the cooperative; I didn't have any savings to de-

posit. But Doña Celina, the president, told me, "Don't withdraw. We'll always try to help you out. Just save whatever you can." So I kept going, and now I have a loan to buy a gas stove. The clothing I had bought—whatever was left over—my children used it. But it's better for them to take what we had than to buy more. Money goes like water.

I have six children—four boys and two girls. They're all in school. That's where my money goes. I can't put anything into the cooperative because their education is expensive. It's an opportunity they should take advantage of. God willing, they could have some kind of profession. At the moment, my oldest son is in the army. He was stationed near the Chilean border. Once I stopped eating to save money and went to see him. Another boy is stationed on the Brazilian border.

What will my children do when I die? They'll be thrown out into the street—maybe they won't be able to find work. That's how some boys end up in trouble. When they don't find a job, they start hanging around with people they should avoid. I have always told them, "You have to be careful. I grew up by myself, without a mother, under somebody else's fist." But my children have a mother. They don't have to suffer like I did.

ROBERT WASSERSTROM is an associate research scientist at Columbia University and a consultant to the Inter-American Foundation. These interviews from La Libertad Cooperative are among six oral histories of organizations that have received IAF support. A volume of these oral histories is scheduled for completion in the fall of 1982.

Creating communities: squatter neighborhood associations in Latin America

Julie Fisher

Leonardo Miño



Squatters in Asunción, Paraguay, preparing to replace housing washed out by flood.

At least 40 million squatters live in the barrios of Latin American cities. Landless and desperately poor, they are people with scant choice but to occupy land that is not theirs and to which they have no claim beyond need. For a poor person to establish the right to live on that land—and then obtain clean water, sewers, electricity, transportation, and schools—he must act as part of an organization,

not as an individual. That organization, in turn, must survive internal conflict and external confrontation. Leaders must emerge, negotiating skills must be developed, and group needs must be voiced and defended.

Squatter organizations face an uphill battle, one that they usually lose. Nevertheless, in one form or another the associations that emerge from land invasions are found in nearly all of the 20,000 or more squatter settlements in Latin America and the Caribbean. These associations are the most prevalent form of community organization among the urban poor in Latin America today.

Wherever they occur, squatter associations tend to share certain common features. First, their *raison d'être* is the defense and improvement of their neighborhoods. Second, they operate within administrative vacuums that are created by their illegal or quasi-legal occupation of land. Third, they are represented by elected councils of officers. And finally, they seek to meet their goals through self-help efforts (especially to construct housing) and by pressuring authorities to provide municipal services.

Just as the settlement blends into the fabric of the growing city, organizations of squatters merge into the

city's social networks and political alliances. The organizations stabilize and, in some cases, institutionalize. Through small victories they develop the will and capacity to confront increasingly larger problems. This is not to say that to confront problems is to resolve them; but, as this article points out, the capacity of the poor to organize in their own behalf remains their most abundant and reliable resource.

How squatter associations grow

Squatters come together through their decision to occupy vacant land. At times these invasions occur overnight, but more often the process is slower and less dramatic—a gradual encroachment as one family after another joins the settlement. Sometimes these occupations are spontaneous, but frequently they are planned and organized over many months.

To occupy land is one thing; to remain there is another. A successful occupation requires persistence, leadership, and a capacity for negotiation. The case of *Herminda de la Victoria* in Santiago, Chile, is typical of such a success. Although the squatters who formed the settlement were evicted, they refused to leave. They camped on the edge of the disputed land where they set up committees for census-taking, guard duty, health services, and the distribution of food donated by student and labor groups. The squat-



ters negotiated for nearly three months through city councilmen and legislators until more than a thousand families were finally assigned housing sites.

Once a group of squatters have staked out their lots and erected temporary shelters, formalizing their association is a natural step. Usually the invasion leaders are elected as officers. The new organization typically oversees the assignment of housing sites, which may involve either simple confirmation of *de facto* boundaries or careful reallocation of lots. Sometimes the association plans for the growth of the community by setting aside sites—wish lists, in many cases—for future schools and meeting halls and even churches and parks.

On the other hand, virtually no squatter settlements are immune to removal, even those that have been installed for many years. For officials, there is a political and economic cost to removing squatters. Nevertheless, that cost may be worth paying to build an industrial park, an upper-income residential zone, or a new highway. If so, talk of future schools and meeting halls can be rapidly concluded by a bulldozer—all the more quickly if the squatters are not sufficiently organized to make effective claims on their own behalf. This was the case of the Chambacú settlement near the center of Cartagena, Colombia. Houses which had stood on the site for nearly two decades were razed in 1976 to “beautify” the city for future tourism development.

Squatters understand their vulnerability. To forestall outside intervention in the absence of legal title, neighborhood associations usually insist that

members build as soon as they take possession of their lots or, at the very least, lay foundations for houses. The fact of infrastructure strengthens, if it does not guarantee, their claim. The urgency of replacing tents or cane shelters promotes cooperative construction. To build as quickly as possible, neighbors must share skills, tools, and materials.

The associations often assume responsibilities that are quasi-governmental. They hold elections, serve as the delivery point for mail, collect entrance fees or “taxes,” screen new squatters, and attempt to provide basic services. The need for water and waste removal arises immediately. To construct even a simple water system can be a major undertaking. Often the association sets up work groups to install communal standpipes by legally or illegally tapping into water mains. Should these break down or require expansion, their water system is at least a *fait accompli*, and the organization may be in an improved bargaining position in seeking assistance from municipal authorities.

Settlements must often wait years for the installation of electrical hookups. Instead, it is usually faster and cheaper simply to divert current from nearby utility lines. Where public lines are inaccessible, families sometimes acquire electricity by installing small private generators. Such systems, however, readily lead to internal conflict—over noise and access, for example—so some associations attempt to pool resources and form electricity cooperatives. These cooperatives may purchase generators for which user fees are collected, or they may bargain for services with the public utility author-

ity by offering to share installation and maintenance costs.

Building a school is an ambitious but common activity of associations. In Primero de Enero, Lima, two-thirds of the residents contributed to the construction of a ten-room elementary school. When the school was built, the ministry of education provided supplies and a teacher. Like water or an electrical system, a completed school is often absorbed into the larger public system, with a loss in independence offset by a gain in resources.

The needs of squatters are endless, and efforts to meet them can keep neighborhood organizations active through generations of leaders. Most associations never succeed in overcoming their first and most intractable hurdle, access to decent housing; others decline after the short-term goal of housing is obtained. But for more vigorous associations, the completion of one project merely points to the next. For example, once garbage collection was secured in cooperation with city officials in Manta, Ecuador, the neighborhood association went on to construct a playground.

In Villa Cildañez, Buenos Aires, the association first secured municipal plumbing and paved their own streets and then went on to build a clinic and a child care center. Settlements in Mexico City have organized their own taxi services. In La Paz, Bolivia, associations have built parks, planted trees, and constructed social centers. The barrio committee in El Cisne, Guayaquil, organized an education program which included classes in public speaking, cooking, sewing, electrical repair, and mechanics. In the post-earthquake shantytowns of Guatemala



Small boy drawing water from communal standpipe, Mexico City, 1979.

City, neighborhood associations routinely sponsored literacy classes, family planning programs, employment bureaus, and classes for vocational training.

By carrying out self-help activities, an association can secure increasing legal authority. In several barrios in Caracas, associations have been granted the legal responsibility for assigning lots. In Peru, associations must approve all agreements to rent or sell property, and they review requests from new squatter applicants seeking to join the settlement. Some associations are even granted formal responsibility for maintaining order, including the formation of internal police forces. Associations routinely expel prostitutes, known thieves, or others viewed as troublemakers.

How squatter settlements make demands heard

From the moment that squatters assert their right to build on vacant land, they also begin to pressure local governments for services. But despite their numbers, squatters have little actual clout. Institutions for channeling resources to the poor are normally weak, underfinanced, and beyond the control of the people they serve. Practically speaking, the capacity of squatters to organize and advocate their own interests is the most reliable tool available to them.

In order to meet their needs, squatter associations use an array of tactics:

Petitions. Formal petitions to municipal or national authorities are perhaps the most common way to make demands heard. Although such gentle

tactics rarely produce immediate results, they do draw attention to issues and establish seriousness of purpose. Sometimes the threat of going to a higher official is enough to prod a lower-level bureaucrat to act. Even if not granted, a petition for an audience with a president or first lady can create pressure and telegraph signals.

Personal contacts. Taking advantage of personal acquaintances in government can be more effective than petitions. Indeed, community leaders are often chosen because of their access to key persons in local bureaucracies. These personal contacts are used to secure services, jobs, or social programs. A decision to authorize a bus stop at a particular corner or garbage collection on Thursdays is far more likely to be based on bonds of *amistad* than on public policy. On the other hand, these services are just as easily rerouted when friendly officials leave their posts.

Partisan politics. Barrio organizations sometimes ally themselves with the government or party in power. In Cali, Colombia, for example, squatter associations are officially recognized by the city, and association delegates act as

representatives to the city planning office. Squatter organizations are often courted by opposition groups. Where there is a competitive party system, working with the political opposition may be effective in gaining leverage on the party in power and a stake in the future of those out of power. Nevertheless, official and political waters are notoriously dangerous. Internal accusations of "sell-out" and manipulation lead to divisiveness within the group that can be a heavy price to pay.

Use of mediators. Independent third parties are sometimes called upon as mediators to negotiate in behalf of squatters. Church groups, political figures, squatter federations, private voluntary organizations, and even international organizations have played this role. The group gambles on the prestige and influence of the third party to gain a hearing. In Cartagena, Colombia, for example, a priest and a Peace Corps volunteer aided the squatter settlement of Fredonia in the mid-1960s. Acting together, the community and intermediaries convinced city officials that Fredonians would contribute to a common fund to help pay for water and sewers. The fund worked well for several years before neighborhood growth finally required that individual families be charged for services.

Use of media. Public demonstrations or marches can publicize demands, dramatize grievances, and embarrass authorities. A long delay in government installation of a promised sewer system in one Lima *barriada*, for example, provoked residents to pile up raw sewage in front of the government sign announcing the project. Squatter associations in many countries are



Church-sponsored resident association begins housing construction project, Asunción, Paraguay.

learning how to exploit the media. Indeed, the police who arrive for an eviction are increasingly likely to be met by reporters and photographers as well as by the squatters themselves. In Venezuela, this news item is typical of those regularly called in to a local radio station: "The creek in Barrio La Libertad flooded last Saturday and knocked down the bridge. The poor residents of that community want to know why the Municipal Council has not sent anyone to repair it and when they will get around to doing so."

Requests for non-governmental help. Squatter groups often obtain external assistance. Sometimes they appeal to large corporations for building supplies and loans of construction equipment. Often they negotiate directly with international development or relief agencies. Such outside assistance can be crucial in countries that lack institutional and financial resources to assist squatters. In other cases, outside assistance can be instrumental in helping community organizations gain increased support from local sources.

From association to federation

Squatters in many Latin American cities—or people one step removed from being squatters—make up an absolute majority of the total urban population. Yet most attempts by squatter groups to influence national issues that affect their interests have been sporadic and unsuccessful. A neighborhood association may negotiate for occupancy rights to a particular piece of land, but it rarely lobbies or expects to cause change in the laws regulating land tenure.

Although squatters are not normally a major political force, their sheer number raises the possibility of increasing their influence through the joint action of many associations. In many cities, federations of associations do exist; but for the most part they have been weak, politically dominated, or short-lived.

Brazil is an example of a country with an active squatter federation. Rio de Janeiro alone has a squatter population of more than 1.5 million. Although a federation movement has existed for more than 15 years, its influence has risen and fallen parallel to the level of government toleration. In the mid-1970s, a new federation, the Pastoral das Favelas, reemerged under the auspices of the Catholic church when favela representatives began meeting to discuss their mutual concerns about land tenure and the need for settlement upgrading.

A legal assistance department was set up by the federation in 1978 to prevent the destruction and dismantling of settlements. Almost immediately, the department won a highly publicized victory for the settlement of Vidigal, where squatters were about to

be evicted—ostensibly because of the danger of landslides—so that the land could be sold to a hotel consortium. Bolstered by this initial victory, the federation hired a permanent legal staff and has obtained volunteer services from some of Brazil's best known lawyers. The federation is now operating in more than 75 favelas, with local legal committees active in nearly half of them. Since 1978, legal action has halted evictions at 16 sites.

Encouraged by the success of its legal efforts, the federation is now working to start pilot housing programs. There is no guarantee that the Pastoral das Favelas will have equal success in housing. Nor is it certain, or even likely, that federations will evolve in similar fashion in other countries. Nevertheless, it does show that collective action by squatters can be carried out effectively beyond the community level.

JULIE FISHER studied squatter associations for her doctoral research at the Johns Hopkins School of Advanced International Studies. She is a consultant to the International Council for Educational Development in Essex, Connecticut. Licia Valladares and Scott Parris contributed to this article.



Paraguay River seasonal flooding, Puerto Diana.

Indian colonization in Paraguay: what is success?

Robert J. Smith, Maria Rehnfeldt, and William M. Barbieri

Four centuries after the Spanish entered their forests, the Paraguayan Indians who have survived are dispersed and isolated in small groups. Most have no land of their own, and virtually all are excluded from participation in the modern economy of Paraguay.

The Asociación de Parcialidades Indígenas (API) was created in 1975 to protect the remnants of Indian society and reduce their dependency on the Hispanic population. The founders of API were young Paraguayan anthropologists who visualized the emergence of a pan-Indian organization independent of government that would enable Indians to speak and act for themselves. API would defend Indian interests, increase Indian self-esteem, and gain respect for Indians in Hispanic society. It would also seek directly to improve living conditions by helping Indians to acquire land and by promoting agricultural development.

API drew together representatives from nearly every Indian group in the country. An Indian Council of 30 members, elected by their communities, was to direct policies and oversee the work of API's staff. The association was legally registered with the government in 1976, and the following year it received an Inter-American Foundation grant for its administrative needs and for a land purchase and settlement program.

The first of two major activities the project supported was the continued building of a network of Indian organizations. Meetings were held locally and nationally to unite communities into an independent, Indian-managed organization. A second activity was the establishment of seven colonies for

previously landless groups. API was to help purchase land, provide farming materials, establish a credit fund for marketing and production, and pay the salaries of resident agronomists.

API technicians worked hard to develop the colonization projects, yet the settlements did not evolve according to their plans. In fact, to API's consternation, what was supposed to happen rarely did. The settlements seemed to follow their own haphazard paths, and no one was entirely certain whether they took hold because of or in spite of API's efforts.

API had assumed that successful Indian settlements, like those of other small farmers, would require extensive technical assistance from agricultural experts and that the communities ought to engage in both cash cropping and subsistence farming. In some cases API's strategy worked; in others, technical assistance and cash cropping turned out to be culturally inappropriate. The simple provision of land was all that was wanted or needed.

The story of two groups of API settlers, the Chamacoco Indians from the upper Paraguay River in the Chaco and the Mbyá Indians of eastern Paraguay, illustrates the unpredictability of project results, the dangers of drawing conclusions too quickly, and the difficulty of knowing the right amount of financial and technical assistance that is required.

The Chamacoco settlement of Buena Vista: part one

The approximately 1,000 Chamacoco Indians in Paraguay had been scattered for many years. Some lived near Fuerte Olimpo with Catholic missionaries, while others lived about 100 kilometers upstream in Puerto Diana with Protestant missionaries and the army. At a meeting of API's national assembly in Asunción, leaders of both groups agreed that they wanted a settlement where all Chamacocos could live together, independent of either religious or military supervision.

When API received funding for its settlement projects, it organized meetings in Fuerte Olimpo and Puerto Diana, and both groups elected representatives to help API's agronomist find suitable land. Finally, it was decided to purchase a cattle ranch about 30 miles inland from Fuerte Olimpo, along with 60 head of cattle and some goats. Twenty men, who were heads of families from the Puerto Diana group, were selected to go ahead to clear the land and plant. To assist them, API technicians prepared an economic plan that included farming for family consumption, raising cattle and goats, and cutting palm trees for a cash crop. A cooperative was set up to distribute basic goods according to the amount of work each person contributed to the settlement. The agronomist trained one Chamacoco to run the cooperative. A large communal garden was planted with squash, corn, watermelon, and other vegetables. Some of the produce would be for the settlers' own use; the rest was to be sold.

The men worked well together, and



the initial planting was a success. After several months their families joined them, and the settlement soon was firmly established. The gardens were abundant, the workers had used only a small part of their available provisions, and API was satisfied that it had a model project in Buena Vista.

The Mbyá settlement of Marcelino Montanía: part one

Whereas everything went right with the Chamacoco settlement, with the Mbyá everything appeared to go wrong. A Mbyá group had belonged to API for several years. As a member of the organization's Indian Council, their leader, Marcelino Montanía, had continually pressed for land for his people. Unfortunately, just as his request was about to be granted and a project to begin, Montanía died.

In January, 1978, API was still exhilarated by its success in Buena Vista, and despite Montanía's death, a project for the Mbyá was approved. Without involving the Mbyá, an API agronomist found and bought 1,250 hectares in the Department of Canendiyú, far from where they had ever lived. At a meeting to announce the purchase, the agronomist advised the group to select 25 families who would go there as the first settlers. It is not clear how he was chosen, but API recognized Marcelino Montanía's brother as the group's leader.

In contrast to the meticulous preparations for Buena Vista, the Mbyá settlement, called Marcelino Montanía, was hardly planned at all. Eager to get the project underway, the agronomist loaded the colonists and their belong-

ings onto the back of a truck and sent them off to the "new land." Arriving in the middle of the night, the driver unloaded them and left. On their own, they lay down beside the road and went to sleep.

The next day the settlers found that their property was a long narrow strip of land, with a river running along one of its ends. The settlers built houses near the water, each choosing the best piece of land he could find. The agronomist visited often and tried to promote projects such as pig growing and carpentry. The settlers, however, were uninterested.

Soon the settlers began to take jobs as day laborers for Paraguayan farmers and neglected the development of the colony. When the men did work in the settlement, they worked on their private gardens and left the communal plot untended. Moreover, the Mbyá drank most of what they earned outside the settlement. When the agronomist threatened to withhold all aid if the drinking continued, the Mbyá countered with a threat to leave.

Three months later a group of API evaluators arrived and pronounced the settlement a disaster. The Mbyá had no coherent plan for developing their colony and did not want one. The settlement was unorganized and in seeming disarray. The leadership was weak and lacked legitimacy among the colonists. The income producing projects promoted by API were in dissolution, and the men were once again working for others as day laborers. They continued to be exploited and dependent. Drunkenness, in the view of the evaluators, was rampant and reflected the larger state of social disintegration.

The Chamacoco settlement of Buena Vista: part two

The Chamacoco prospered through the summer, but in March people found less and less to do. The planting season was several months away, and one or two men could handle the cattle. Complaints began. First, the API agronomist was accused of rationing the provisions without consulting the settlers. He was unable to convince them that money and supplies were scarce and had to be used efficiently. None of the agronomist's procedures to control cooperative transactions were followed. Indeed, the cooperative functioned only when the agronomist was in the settlement. When he was gone, supplies would be given away and the storehouse left empty.

The settlers subsequently accused the manager of the cooperative of stealing. He and several successors were fired. Fights erupted, and one manager pulled out a pistol and shot at his accusers. He left without paying his debts, taking several families with him.

Others began complaining that Buena Vista was too far inland, that there was no place to go and nothing to do. Men began returning to Fuerte Olimpo to look for day labor.

The Chamacoco also didn't know how to run their cattle ranch, even though they had worked on ranches as hired hands. They over-used and exhausted the animals. The agronomist accused them of neglecting their equipment. The settlers, in turn, accused the agronomist of acting like a *patrón*.

Mybá settlers with API technician at the Marcelino Montaña settlement.

Chamacoco woman standing in a field she cleared and planted. Treasurer of API (left); president of API (right). Buena Vista settlement, 1979.



Robert J. Smith

The communal garden caused problems when it was time to distribute the harvest. Those who had worked most in the garden wanted its produce. Others disagreed. The disputes became so bitter that the communal garden was disbanded, and each family received its own plot.

API sought to resolve the problems of the settlement by establishing a local governing council. Neither the council members nor other colonists understood what the council was supposed to do. It ended up with no authority. Its members often complained, "Everybody does whatever he wants, and no one listens." There were continual resignations. Traditional Chamacoco leaders were replaced by others who were close to powerful figures in the area—missionaries, ranchers, and military officers—but they too were ignored. Meanwhile one family after another left: first those of Puerto Diana and then those of Fuerte Olimpo. The handful that remained was grateful to have their own land, but they were disorganized and demoralized.

The Mbyá settlement of Marcelino Montaña: part two

The abrupt settling of the Mbyá had been declared a failure by API. Two years later an evaluator revisited the project to document what had happened. To his surprise, he found a thriving settlement.

Several of the families had moved alongside the main road. They had found abundant water, and their fields were flourishing with manioc and sweet potatoes. The previous harvest had produced such abundance of food that when the Paraguay River flooded, the Mbyá colonists sent a goodwill shipment of sweet potatoes to Buena Vista. Now, the men were cutting fenceposts to sell—carefully winnowing so as not to damage the forest. With the income, the community was purchasing materials to construct a schoolhouse. The settlement's population had not grown, but there was space and food for many more people. The colony's leaders said that soon the rest of their group, those living near Tobati, would arrive to join the colony.

The settlement's problems had not

all been solved. Medical supplies had run out. The nearby government doctor was accused of hoarding medicine and charging for visits. The schoolteacher had not been paid in more than four months. Fencing wire promised by API had not arrived. The men still drank and accepted work as day laborers. Nevertheless, on balance, the community had achieved independence. It was making its own way on its own terms.

* * *

Why did a project that was carefully planned and executed fail, while an unplanned, haphazard effort succeed? There is no simple explanation; however, one factor was that the Chamacoco and the Mbyá were different peoples with different needs.

The Chamacoco have lost much of their traditional culture and are seeking greater accommodation with the mainstream of Paraguayan society. But in Buena Vista, they were unable either to adapt to API's project model or create their own alternative. More technical assistance might have made a difference, but as it happened, the Chamacoco were unable to adjust to what they and API wished to create.

The Mbyá, on the other hand, seldom mix with Paraguayans except to earn money. Their traditional social organization and religion are still vigorously intact. They frequently move to new lands, so when they were "abandoned" on the road they were in a situation that was normal and familiar. The only intrusion was the agronomist, whose forceful opinions on what should and should not be done were a constant annoyance. It was not until



Puerto Diana, flooded by the Paraguay River. The Chamacoco settlers moved inland to Buena Vista from Puerto Diana.

API declared the project a failure when the Mbyá finally got what they wanted: land and to be left alone.

Epilogue

The anthropologists who founded API worked hard to create an organization that would enable Indians to speak for themselves. Nevertheless, the anthropologists' continuous presence and better understanding of the white world effectively excluded the Indians from participation in the organization's decision making. In fact, the elected executive council did little more than interpret for the communities the day-to-day decisions made by the professional staff.

Yet just as the Mbyá needed time and land to establish their settlement, API, as an institution, needed time to build a truly Indian organization. In December, 1979, a new and more effective executive council was elected. Although the four Indian members represented different language groups, they were able to communicate among themselves in Guaraní. Meanwhile, funds to pay professional salaries were exhausted. So, in 1980 API's executive council found itself alone, and for the first time it began to make independent decisions.

The operational difference was evident almost immediately as a new sense of solidarity developed within the council and among the tribes. Indian communities began to identify with API not only as a source of land, credit, and medicine, but also as a resource for solving common problems.

By 1981, the four person executive council was all that remained of the original 30 member staff. In order to secure funds to keep operating, council members accepted a temporary assignment from the United Nations to conduct an Indian census. This work enabled council members to visit even the most remote villages. While doing so, they promoted API and broadened their own understanding of problems confronting isolated communities.

In December, 1981, a law was passed which provided legal status (*personería jurídica*) to Indian communities and guaranteed their legal right to own land. The law was a milestone for Paraguayan Indians, who did not understand the notion of private ownership. Traditional values emphasized free access to land and water. Under the new law, the community was guaranteed the right to own and control the land on which it lived and worked.

Also in 1981, the executive council was re-elected by a general assembly of Indian representatives. Under its leadership, API applied for and received a small second grant from the Inter-American Foundation. This grant allowed council members to continue community visits to explain the new law, to help communities obtain *personería jurídica*, and to help those who had rights to land to receive legal title for it.

Testimony to API's emergence as a respected voice of the nation's indigenous communities appears in a recent edition of ABC, Paraguay's principal newspaper. An entire page is devoted to two of API's achievements: the defense of exploited workers in the

Chaco Central and the successful negotiations with Itaipú International for land for the Ava Chiripa Indians.

In the first case, API's president learned that Indians working as farm hands were being paid illegally with vouchers redeemable only in a local store. He initially met with the Indians' employers and then with the Indian ministry and finally told the story to the newspapers. The abuses were not only stopped, but perhaps more importantly, they were publicly repudiated.

In the second case, construction of the massive Itaipú dam involved the flooding of land inhabited by the Ava Chiripa. Although this was their traditional homeland, the Indians had no legal title to it. API's executive council and lawyer negotiated indemnification for the tribe that allowed them to obtain 4,000 hectares of new land.

Neither case in itself reflects a fundamental change in the position of Indians in Paraguayan society. Nevertheless, some progress has been made. API is now Indian-led and Indian-managed. It is demonstrating the capacity of Indians to articulate and defend their interests. Paraguayans are only gradually realizing that Indian interests are an issue—and that there is an organization to defend them.

ROBERT SMITH is a professor of anthropology and curator of ethnology at the University of Kansas. He was a consultant to IAF during 1978 and 1980. MARIA REHNfeldt was director of API from 1977 to 1978. Currently she is a graduate student in anthropology at the University of Kansas. WILLIAM BARBIERI, who wrote the epilogue to this article, is the IAF representative for Paraguay.

Five recent grants

Each year the Inter-American Foundation reviews hundreds of requests for project support. These five recently approved grants—ranging from several thousand to a quarter of a million dollars—illustrate the kinds of proposals that the foundation is supporting.

Cooperativa Industrializadora de Cerdos Reloncaví

To circumvent high interest rates that are pushing many Chilean businesses into bankruptcy, a group of small farmers have devised a "cattle bank" to obtain credit without using commercial institutions. The group, Cooperativa Industrializadora de Cerdos Reloncaví, was formed as a hog processing cooperative in 1965 by small farmers near Puerto Montt in southern Chile. Their once flourishing business was damaged when the government withdrew its support from the cooperative movement in 1974, and operations virtually ceased when the price of pork plummeted in 1975. The cooperative has survived through a small dairy and beef operation and the dues of the 500 members.

With a two-year grant of \$169,000, the cooperative will purchase 100 pregnant cows for distribution to members. The cows will produce milk for family consumption and for sale to the cooperative's pasteurizing plant. The members will repay the "loan" of the cow by returning a calf to the cooperative, which in turn will raise the calf. If the calf is female, it will be impregnated and given to another member. If it is a male, it will be fattened by the cooperative and sold at market.

The cooperative will also use grant funds to teach dairy farming to members and help them market their beef and milk. A newly hired manager will run the cattle bank and provide technical assistance and training. After two years, the cattle bank is expected to produce a steady income for the cooperative from the sale of fattened bulls and from dairy products. By borrowing from the cattle bank rather than from commercial credit institutions, these farmers hope to partially insulate themselves from the effects of inflation and soaring interest rates.

Grupo Precooperativo de la Casa de Barniz de Pasto

In the southern Colombian city of Pasto, artisans are known for their *barniz*, a traditional craft in which a dyed varnish-like resin is applied to carved wooden plates, trays, and bowls. The resin is purchased in Putamayo, a day away by bus, from workers who harvest it in nearby forests. Local woodworkers sell pre-cut vessels to the *barnizadores*, who decorate them. Traditionally, *barnizadores* are independent, full-time artisans. Their craft is a home industry, with tasks assigned to each member of the family.

Recently the market for barniz expanded when a state-run artisan assistance agency began to buy goods for resale. The agency emphasizes mass marketing and has insisted on design changes that depart radically from tradition. It buys from the few craftsmen who are able to turn out a high volume of the modernized tourism-inspired designs. The few master craftsmen who are producing for this more lucrative market have stopped producing barniz of traditional quality. Other *barnizadores* have not only been cut off from a new source of income, but the older craft has lost some of its most skilled practitioners.

Three years ago, IAF made a grant to the Asociación de Promoción Artesanal (ACPA) to document the craft of barniz and to assist the craftsmen. With this help,



Barniz plate from Pasto, Colombia.

barnizadores in the town of Pasto formed a group to improve their skills, preserve the finer traditional styles of the craft, and raise their incomes. Now they extend their buying power through bulk purchase of raw materials, and they have learned new application and recycling techniques which dramatically decrease their consumption of resin. With ACPA's help, they have also found new markets for their work in Bogotá and abroad.

The Pasto group recently opened its own store, which is managed by an elected board and sells only high quality, board-approved wares. Members meet regularly to critique and discuss their work, and in this way more experienced artisans share their skills with their younger counterparts.

Recently, the IAF awarded the Pasto group a two-year, \$47,000 grant to raise its production and to expand the store's operation. The grant will cover salaries for managing the store for the first year, with the group assuming salaries and all operating expenses by the second year. The store will purchase finished goods, paying craftsmen in cash and raw materials. Promotional brochures will be distributed regionally and nationally, and sales representatives will be sent to regional crafts fairs. ACPA will assist the group with management training and then gradually withdraw from its supportive role. The group hopes eventually to expand membership to include the woodmakers who supply the unfinished vessels.

Fundación Natura

Ecuador's rural poor rely almost exclusively on firewood to meet their energy needs. But wood is becoming scarcer as an expanding population denudes hillsides of trees and bushes. Both firewood and lumber have to be brought from outside the region at steadily rising prices. In many areas of Ecuador, medicinal plants and wild foods are vanishing. As erosion strips the topsoil, the already limited amount of land for subsistence farming shrinks, leaving a dry and wasted landscape.

Fundación Natura is Ecuador's only major private environmental organization. It was founded in 1978 to fight the rising destruction of the country's natural resources. The fundación has more than 800 members, a small paid staff, and an active board of directors made up of professionals who volunteer their time and advice.

To date, most of Natura's activities have been educational—seminars and mass media programs to raise awareness of the dangers of deforestation, erosion, and other environmental problems. With a \$226,000 grant from the IAF, Natura will now promote community forest programs in Indian villages. The three-year project will involve some 25 Quichua-speaking highland villages in a major reforestation program. Through *mingas* (a traditional form of communal labor), the communities will plant more than two million seedlings on 2,000 acres of hillsides. By thinning

and trimming young trees and selectively cutting mature ones, the villages will have continuing access to badly needed firewood. Concurrently, Natura will test native tree varieties that could potentially replace imported species that are susceptible to disease.

The Ecuadorian Ministry of Agriculture will provide most of the seedlings at the outset of the project. Grant funds will cover the salaries of three technical advisors, fencing materials, and the transportation of seedlings. Community members will volunteer their labor for the planting and care of the trees.

Asociación Civil "Comité de Solidaridad Popular El Rescate"

El Rescate is an urban slum in Lima, Peru, where migrants to the city have struggled during the past ten years to gain land and basic services such as water and sewers. In 1980, 90 families formed an association to address problems of unemployment, malnutrition, education, and housing. Sixty-six of these families share homes with relatives, while others live in single-room shacks of cardboard, scrap wood, and straw mats. The families, many of which are headed by women, have requested housing loans from local banks and have been turned down.

With a grant of \$127,000, the group will establish a revolving loan fund for community projects. Initially, 22 families will borrow from the fund to build brick houses which cost an average of \$3,500. Another 14 families will take out smaller loans to add badly needed roofs to their still incomplete houses. Members will repay the loans over 15 years, allowing other members to draw upon the fund. Some money in the fund will be earmarked to finance small businesses, establish a health clinic, and carry out other social and economic projects in the *pueblo joven*.

Management Consultants Limited

Like other small islands in the Caribbean, Dominica's economy depends primarily on the export of one product—bananas. Traditionally, banana stems have been discarded after the harvest; however, many poor Dominicans are discovering that this abundant waste product can be made into attractive and salable baskets.

Artisans in nearby Haiti have long made a living by fashioning banana by-products into handicrafts. With a grant of \$17,000, two Haitian artisans will travel to Dominica for six months to teach their crafts to 200 Dominican men and women. The training program will be conducted in their common language, Creole.

The grant is being made to Management Consultants Limited (MCL), a private Dominican organization that gives technical assistance for the business enterprises of poor people. MCL will collaborate on the project with the Institut de Consultation d'Evaluation et de Formation de Personnel, a community development organization, and the Comité Artisanal Haitien, a private crafts-marketing organization.



Olmedo Huach, COOPRINTEX worker-owner, finishing sweaters with buttons and collars.



Helping worker self-managed enterprises work

Cressida McKean

In 1968, a group of textile workers in Quito, Ecuador, were fired from their jobs for trying to organize a union. When they subsequently were blacklisted by other companies, they made a bold choice: by investing their severance pay, they established their own textile business, COOPRINTEX.

Commercial loans added to the initial capital invested by the workers. The workers organized as a cooperative: each member would have a voice in management, and each would receive equal wages.

For years COOPRINTEX struggled to stay afloat, and it was not until 1977 that the worker-owners were able to pay themselves even the Ecuadorian minimum wage. Nevertheless, the cooperative not only survived, it generated sufficient profits to buy a truck, construct a new building, and repay its initial debts.

Experiments in worker ownership and management have been attempted throughout Latin America during the last two decades. These enterprises are variously known as production cooperatives, work cooperatives, associative enterprises, social property firms, and self-managed enterprises (*empresas de autogestión*). While their legal status and internal organization often differ, they generally share commitment to certain principles:

- Workers join voluntarily and can withdraw at any time.
- All workers have equal rights to participate in management decisions regardless of their initial capital contributions.
- Workers are compensated for their work, not for capital contributions.
- The assets of the enterprise are jointly owned by the workers.

The Inter-American Foundation has

supported self-managed enterprises like COOPRINTEX in several countries of Latin America and the Caribbean because they promised not only to provide jobs but also to democratize the workplace. Foundation grants assisted workers to cope with the problems of managing businesses. They helped some firms pay past debts, and they provided others with funds for working or investment capital, raw materials, training, and technical assistance. A few projects enabled firms to provide social services to the worker-owners and their families.

Ten years of funding experience has tempered early optimism. Worker self-managed enterprises face a formidable array of problems. IAF support has helped many firms confront these problems, but, as this article illustrates, often the problems could not be solved and the enterprise failed.

Inherited debt

When workers are offered the opportunity to take over an enterprise, it is usually because the firm is in financial trouble. The owner wants to bail out, and the workers want to save their jobs. To become legal owners, the workers must normally assume the firm's debts and assets.

When a group of workers came together in 1969 to purchase COPASTER,

a pharmaceutical production cooperative in Uruguay, they assumed sizable liabilities. Eight years later, COPASTER had doubled its sales, diversified its product line, and gained the confidence of the medical profession. Still, the firm was unable to meet the repayment obligations on its original debt, which had grown from delinquent interest charges. In 1978, IAF made a grant for COPASTER to cover a portion of its debt. This support was intended to put the company on sound financial footing since the firm appeared able to cover operating expenses with its sales.

In December 1980, however, COPASTER went bankrupt. Even with IAF support, the firm was unable to catch up on its inherited deficit. IAF funds had helped, but workers were unwilling to defer wage increases endlessly in order to pay the remaining debt. A persistent lack of working capital finally undermined the firm's operations.

In 1979, IAF made a grant for debt repayment to CODAYHA, a construction cooperative in Uruguay that promoted low-cost housing. IAF support helped the cooperative pay off its short-term debts that had blocked their access to new loans from suppliers and banks.

CODAYHA, one of the leaders in Uruguay's cooperative federation, seemed likely to succeed. It offered a high-quality product to its national market and had sufficient technical capacity to operate effectively under fiercely competitive conditions. Worker productivity was high.

Yet by 1980 the firm was dissolving. It failed because inadequate capital



and high debt were compounded by poor management. The founders steadfastly remained committed to keeping all members employed and to filling unprofitable contracts with clients in the low-income housing sector. In the long run, the firm did not survive because it was unable to match ideals with resources.

Lack of working capital

Nearly all small enterprises are faced with shortages of working capital. Payment by purchasers does not arrive in time to pay off suppliers, inflation boosts operating costs, interest rates are driven up, a major market temporarily evaporates, machines break down, and raw materials become scarce and expensive. IAF has occasionally helped worker-managed firms to pull through these difficult periods.

After five years of operation, COOPECYA, a Costa Rican bus production and repair cooperative, was still unable to distribute any profits to its 45 worker-owners; in fact, it was the workers' voluntary overtime that allowed the firm to pay its bills. A financial expert argued that the cooperative could survive with a short-term infusion of funds. It produced quality materials, its workers were experienced, its costs were reduced, and it had access to credit from the central bank and technical assistance from the government's cooperative development institute that helped to reduce costs. The foundation approved a grant for operating capital, stipulating that funds could not be used for debt repayment. By 1981, the firm had a backlog of orders and was generating enough revenue to cover operating expenses and

interest payments.

Raw material shortages

For smaller worker-run enterprises, an inadequate supply of raw materials often impedes production. Smaller firms do not have the resources to purchase in bulk, qualify for credit with suppliers, or import materials. In Colombia, for example, the small furniture-making cooperative, COOTRALID, had to rely for its lumber on the region's single mill. It was unable to maintain a regular production schedule or fully employ its members because of irregular lumber supply. IAF provided a grant to allow the cooperative to finish construction of its own mill. Soon the firm will have a secure supply of milled lumber and eventually should become a supplier for other local firms.

Capital to leverage credit

Increased production is the usual goal of a grant that enables a firm to purchase equipment or to construct a building. The grant is doubly useful if the equipment or building also serves as collateral for the firm to obtain credit.

The Muebles cooperative in Mexico was established by the employees of a furniture factory that went bankrupt in 1975. Between 1976 and 1978, the cooperative expanded its membership from 25 to 60 worker-owners and increased its monthly sales to \$50,000. Still, the enterprise could not pay more than the minimum wage and operated with little credit. When an IAF grant allowed Muebles to purchase the

building that it had been renting, the firm gained collateral for a loan to increase its technical staff and modernize its equipment. Within three years sales nearly doubled, and Muebles workers were earning wages nearly double those of workers in the nearby privately-owned factories.

CIOC, a furniture production cooperative in Ecuador, faced similar problems. After ten years of successful operation, a 30 percent rate of inflation drove up costs and forced a reduction in salaries below the minimum wage. But with a grant to expand its physical facilities, the firm was able to obtain previously unavailable credit and thereby stabilize its operations.

Training and technical assistance

New worker-owners are usually unfamiliar with the full range of tasks necessary to operate a business; they need training and technical assistance. At times they are able to teach and share skills among themselves. When the skills are too new or complex, workers often turn for help to other more established cooperatives, other business enterprises, or outside technical specialists.

When an established firm undertakes significant capital improvements, the shifting scale of production can create problems. Even if workers are adept at handling the new equipment, new managerial skills are also required. Expanding the firm's capabilities in one area—production—can multiply stresses on supporting areas such as quality control and marketing.

It becomes increasingly difficult to coordinate the various operating



CIOC workers in El Alto, La Paz, Bolivia, constructing a warehouse and workshop for their cooperative furniture enterprise.

branches of the business. For instance, COOPRINTEX, the clothing apparel cooperative in Ecuador, recently purchased new automatic looms and instituted around-the-clock shifts to manufacture more garments. Unfortunately, the cooperative does not have enough fixed contracts to sell all of the added production. Sweaters have begun to pile up in the firm's central warehouse. Had technical advice been available before expansion, the cooperative might have been able to reinforce its marketing staff.

Although training and technical assistance may be necessary for a firm's success, they are seldom sufficient by themselves. They cannot overcome fundamental weaknesses in the business' operations and lack of enterprise experience. CIOC, a Bolivian furniture-making, welding, and metal shop cooperative, received a grant to provide courses in cooperativism, accounting, organizational development, and vocational training to its members. However, a subsequent evaluation found that most of the workers were artisans, not factory workers, and were unprepared to set up and manage a carpentry and metal-working firm.

The workers were accustomed to a hierarchical workplace and allowed one or two leaders to run the cooperative. The enterprise did not exist prior to the foundation grant. It began operations on a relatively large scale with a \$100,000 investment. Despite their status as owners, members continued to feel, and sought to be treated, like employees. The evaluators, who were industrial psychologists, argued that the education program supported by the grant could not overcome these deeper

problems. Reliance on training could not substitute for experience in operating a business enterprise.

In addition, the courses were no substitute for badly needed technical assistance. Unreliable accounting, poor placement of machinery, uncontrolled distribution of raw materials and tools, and a nonexistent salary policy plagued the cooperative from its inception. Finally, in 1981, operations became intermittent. The firm could not cover workers' wages or secure operating capital, and the work force dropped from 38 to seven. Once enthusiastic members collected their severance pay and left.

On the other hand, technical assistance is not the solution to all problems. Outside technical assistance enabled the Uruguayan construction cooperative, CODAYHA, to upgrade its accounting and financial control system. More reliable financial documentation, however, only revealed that the firm's debt had been substantially understated. Shortly thereafter, CODAYHA went bankrupt. Technical assistance helped to produce an accurate picture of the firm's economic situation, but it could not resolve the more fundamental problem of its continuing cash shortage.

Social goals

Worker-managed firms usually set up education and welfare committees with the objective of providing training, housing, recreation, and health services. The cash flow of most worker-managed enterprises, however, can rarely sustain these social projects. CODAYHA, the Uruguayan construc-

tion cooperative, requested and received IAF support to subsidize housing construction for cooperative members. Subsequently, the firm was forced to use this fund to pay off a pressing debt to suppliers. Many worker-managed firms are faced with the same predicament: they want to provide social services and education to members but cannot do so without using resources required to keep their enterprises running.

Conclusions

There is great diversity among worker owned and managed firms in Latin America. IAF's experience suggests that these enterprises share some common problems. Some of these problems are intractable; others may not be.

First, the ability of a worker-managed enterprise to survive and prosper in a given country is conditioned by the general economic situation and national economic policies. This should come as no surprise. Cooperative enterprises are businesses that share the difficulties of small enterprises owned by families and individuals. They are buffeted by the same economic forces, including recessions or booms, availability of credit, inflation rates, and import policies. When the overall climate is unfavorable, many workers' cooperatives, and many private businesses, will fail despite everyone's best efforts.

Second, workers who take over a bankrupt industry (or one that is heavily in debt or one in which the owner wants out) run a high risk. There may be good reasons why the original business was not prospering. The odds are

Raúl de la Cruz, president of COOPRINTEX, with master weaver, Ricardo Gualotuno.



against workers who assume financially shaky operations.

Third, shortage of working capital is a chronic problem. Sometimes a simple infusion of outside money steadies the firm. Other times, financing capital expansion provides fixed assets to secure loans for operating capital.

Fourth, training and technical assistance are needed to anticipate and resolve problems before they become fatal. CIOC, in Bolivia, failed at least partly because training was provided and technical assistance was not. The cooperative began with inherently ineffective operating policies that became progressively harder to change as they became ingrained. By the time CODAYHA in Uruguay established effective cost accounting procedures, it was too late to institute other reforms to keep the firm solvent. Technical advice and training have to be available early on. The experience of COOPRINTEX,

where capital expansion led to overproduction, suggests that technical assistance may be needed in each phase of a firm's growth.

Fifth, members and managers of a cooperative have to be willing and able to work together. The members of CIOC were so disparate in level of skill and personal background that real co-operation was impossible. They were also so intimidated by a lifetime of subservient labor that they were unable to manage their own business. Training members in the principles of cooperativism reduces friction, but it cannot produce new people. On the other hand, even when particular businesses fail, the skills and attitudes that workers acquire can re-emerge in new ventures.

Finally, members of workers' cooperatives have to understand the social costs of running a business. A worker enterprise faces unique managerial

problems because its goals transcend profit maximization. CODAYHA partially failed because it valued full employment and service to its poorer clients over sternly disciplined business practices. Introducing technical changes, even if they are necessary to a firm's survival, is difficult if the changes reduce the number of workers—who, after all, most often view job security as the rationale for starting the firm.

Worker self-managed enterprises have formidable obstacles to overcome. When those problems are linked—when accumulated debt is high, when working capital is scarce, when social goals transcend practical means to support them, when the members of a cooperative cannot cooperate—failure is likely. Yet failure is not inevitable. When the enthusiasm that workers bring to the enterprise is well channelled, when competent management exists, when the firm can sustain sales of its product, and when selective financial and technical assistance is available, workers have shown that they can and do make their firms succeed.

CRESSIDA MCKEAN is an economist who studied IAF-supported projects in worker self-managed enterprises. She recently returned from Chile where she participated in an evaluation of worker self-managed enterprises and credit and technical assistance institutions that serve these enterprises.

Herminio Llumiquinga is a founding member of COOPRINTEX, the worker-managed textile enterprise near Quito, Ecuador. In the summer of 1981, Robert Wasserstrom of Columbia University interviewed him as part of his series of oral histories of IAF-supported organizations. In this excerpt Herminio tells how he grew from a 15 year-old apprentice worker to become the general manager of the cooperative. He recounts some of the problems a group of unskilled workers faces when they try to organize and run a business.

Herminio Llumiquinga,
manager of COOPRINTEX.

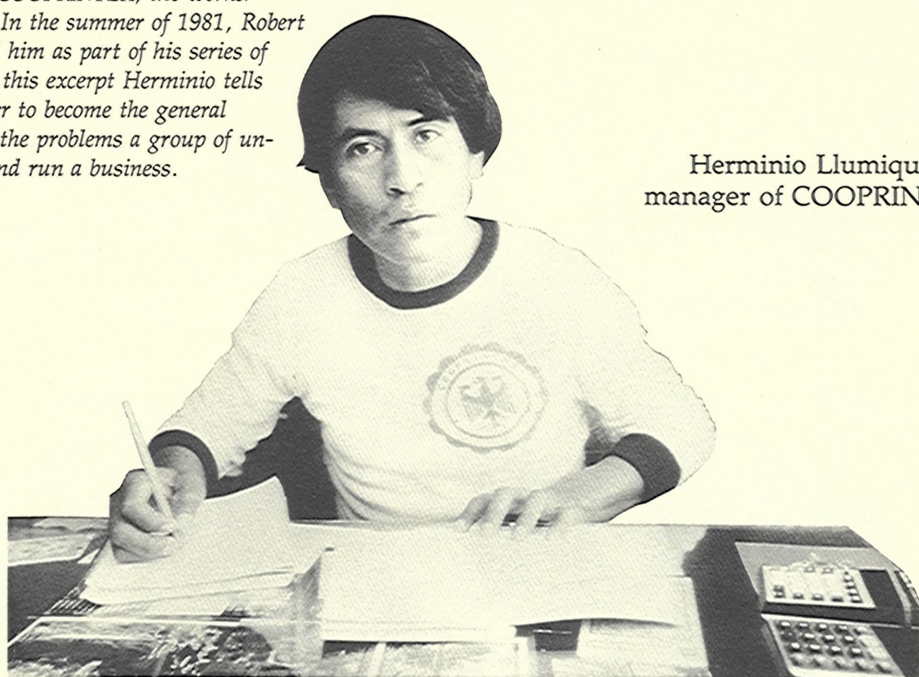
On Sunday, November 3, 1968, we were playing soccer near the barracks when my cousin came to see me. He called my friend and me aside and said, "Listen, you boys are young. You ought to be doing something worthwhile. There's a meeting going on right now. Go join in." I had no idea that anyone was planning to organize a union.

They were in a little room in the back, because what they were doing was very dangerous. They said I could come in, and from that moment on I became part of the group too. There were 25 of us. Some of the men had been working in the factory for seven, eight, ten years, and they knew that other unions had tried and failed. That's why they made us commit ourselves on paper. Nobody can leave the union, they told us, even if they hold a pistol to your chest, even if they offer you a lot of money. And we all swore not to quit.

"You're all on a two-week vacation," the supervisors told us. They didn't give us a chance to start working. They just locked the door in our faces. When the two weeks of obligatory vacation were up, we went back, but they wouldn't let us in the door. They'd sent our names to all the other factories in Quito so that none of us could get a job anywhere. Of course, we'd always suspected that we were going to be fired. In our nightly meetings, we had asked ourselves, "What will we do if that happens?"

We decided to do what we had talked about all along—organize our own factory. Everyone gave as much as they could afford, but many people just couldn't contribute. Since I was still single—I was only fifteen—I didn't have any problems. I put in most of what I had saved. All together, we collected 140,000 sucres (US\$5,600).

In the beginning, I didn't even know how to thread a needle, make a buttonhole, or sew on a button. But I learned.



I took courses at the Ecuadorian Cooperative Institute: courses in management, accounting, administration, and personnel. I've even bought a few books on management, accounting, human relations, and subjects like that. They help me to break new ground. I wanted to be more than just a leader—I wanted to move forward in every possible way.

Then the moment arrived when we had to ask ourselves: "What are we going to do about a manager?" A friend and I put together a list of people who might be able to advise us. I was told, "If someone comes in from the outside, he's just going to squeeze you and take whatever you earn for himself. Put your own house in order. Take the reins in your own hands!"

Even so, we decided to bring in an economist from Quito. He stayed for a month. He couldn't do anything by himself. People started to ask me to take over. "I don't want to," I told them. "I need someone to train me for at least three or four months." I didn't accept the job, so we got another person, an engineer named Wilson.

Then one day Wilson was supposed to sign some papers, but he wasn't here. So they gave me the title of provisional manager, and in 1980 I became the general manager of COOPRINTEX.

Of course we've had problems with production, costs, sales, and advertising. At first, no one wanted to sell us

raw materials, and only one place would open an account for us. Our main problem now is production: we can't seem to coordinate what is done on the machines with the finishing work that has to be done by hand. The people who do the finishing can't keep up with the machines.

We're also having difficulties with merchandising. At the moment we're just accumulating stock. We don't have any direct orders to fill. That's why we're trying to improve our ties with other cooperatives. We've begun to negotiate with organizations that have stores or commissaries for their own members. We give them the merchandise on credit, and they sign for it.

At first, we had the problem of working like a cooperative and not really considering ourselves a business. A number of people have left the cooperative because we can't pay what the larger companies pay. Others have left because they don't like to attend the meetings, they don't like to participate in discussions, they don't like to take part in the decisions. But that's how we operate.

Despite all our problems, we have survived. To work the way we should, however, we need more training in management—not as a small business, but as a large company. We're still learning to walk, not quite running on our own steam.



The technology of self-respect: cultural projects among Aymara and Quechua Indians

Patrick Breslin

Of Bolivia's estimated six million people, 60 percent are Indian, and the rest are *criollo*. As is often the case in Latin America, the line that separates the two is drawn more by culture and history than race. An Indian is a person who comes from an Indian community, wears Indian dress, and speaks one of 30 Indian languages—most often, Quechua, Aymara, or Guaraní. A *criollo* is a white or mestizo—usually an urban person—who bears the language and traditions of the Spaniards.

Since the Conquest, "Indian" has also meant the people who are exploited. Avid for the mineral wealth of the Andes, the Spaniards herded Indians into silver mines, and then onto the haciendas that grew up around the mining centers. Institutionalized systems of mandatory labor preserved the serf-like condition of the Indian for more than a century after independence. A common practice called *pongiaje*, from the Aymara word for door, required that every night an Indian protect the landowner's house by sleeping curled in the doorway. Even today, the word *indio* is so weighted with connotations of oppression and degradation that it is considered an insult. The more neutral term, *campesino*, has replaced it in polite language.

Despite advances since the 1952 revolution, chasms of distrust separate Indians from criollos. Many Bolivians insist that the political instability and economic chaos for which their country is famous are only surface manifestations of these deeper rifts. They see scant possibility for genuine national

development until there is both self- and mutual respect among the groups that cohabit the country.

Development usually implies production. But for many multi-ethnic societies, even desperately poor ones like Bolivia, the need for cultural integration is no less acute than the need for economic growth—or rather, the two are linked. Each is a condition of the other.

The Inter-American Foundation has supported several projects in Bolivia which address the human as well as the material requirements for development. Jorge Arduz, president of one group that has received foundation support, expressed the need this way: "The important factor in any kind of development is the human factor. To be productive, man has to value himself, which means being able to understand where he stands in society and in history. That's why for us, cultural development goes hand in hand with economic development."

But how? What is the technology that restores respect after four hundred years of degradation? In recent years, many Bolivians—campesinos, community organizers, schoolteachers—have looked inward to their own traditions. These people approach their culture as developmentalists. They have found resources in their

music, language, folktales, crafts, and dance. They see these cultural forms as the basis for educational programs that teach self-worth. By inverting the symbols associated with shame, they create a kind of cultural capital that is as important and valuable as land, water, or seed.

Project Ayni: Aesops of the Andes

The Christmas tree light bulb in the control room window flashed red; and in the studio, three Aymara Indians leaned toward their microphones and began to dramatize the fable of the farmer and the fox. In the control room, an Aymara woman draped in an alpaca poncho expertly twirled the dials of the recording equipment, checking the oscillating needles and adjusting sound levels. The bowler hat that normally crowns her black, braided hair rested beside her on a shelf.

This scene is repeated three mornings a week in the La Paz studio of Radio San Gabriel. Fifteen-minute tapes are recorded and then broadcast to the *altiplano*, where an estimated two million Aymara speakers live—three quarters of them in Bolivia, the rest across the border in southern Peru. Four centuries ago—before the European conquest—this was a prosperous area. But today the highland home of the Aymara is one of the bleakest, harshest, and poorest rural areas of the hemisphere.



Listening to radio while working.

The people in the recording studio are members of the Centro de Promoción Cultural Campesino Ayni. They are trying to re-animate the centuries-old fables of the Aymara people, and they are using radio to do it. "The Aymara," said the Spanish Jesuit who directs Radio San Gabriel, "are like the Japanese. They are traditional and progressive at the same time."

Radio is the medium of mass communication in rural Bolivia. Newspapers circulate only in the cities, and then only to the minority who read Spanish. Television antennas are sprouting from rooftops in the cities; but in the countryside, only radio reaches into every community and into practically every home. Many Aymara—such as army recruits stationed in distant corners of Bolivia—write to their families in care of Radio San Gabriel. The station broadcasts a mail call, and the letters are promptly picked up at its office. It is the only station broadcasting exclusively in the Aymara language, and all but four of the radio staff of 48 are Aymara. Ayni's idea of broadcasting traditional fables blends well into San Gabriel's mixed format of cultural and educational programs.

The seven young Aymara who make up the Ayni group refer to themselves as "promoters of popular development." All seven come from peasant backgrounds. Although most completed primary school, only a few went on for more than a year or two of secondary school. Each participated in leadership training programs for campesinos and then began working on rural development projects. As Aymara, they are conscious of their long history as an oppressed people. They

bitterly recall the haciendas and the degradation of enforced labor.

One recent and typical Ayni activity was to help the Ministry of Education in a project to teach weaving, tailoring, electrical repair, and food preparation. Short courses were offered in several rural provinces. Groups of 20 to 30 men and women attended classes where they shared their subsistence skills and learned new ways to produce cash income.

Ayni's members, like a small but growing number of Aymara rural leaders, share a vision that culture is a foundation upon which to build. They speak of educational and cultural revitalization. Some of their projects are as straightforward as construction of "community cultural centers" that double as meeting halls and classrooms. Others are as sophisticated as the Radio San Gabriel education project.

Felix Tarqui, Ayni's director, explained the group's evolution this way: "We are all campesinos. We each began by participating in a course that sought to prepare us for educational work in the countryside. But as we went along, we saw that for education to be effective, it must build people's capabilities, not reinforce feelings of inferiority. It must be based on the

culture of the people being educated."

The public educational system is a controversial subject in Bolivia, and the Aymara speak of its failings with vehemence. "Education here attempts to colonize us," one Aymara organizer said.

"The rural school in Bolivia is simply a jail for children," said another.

"It is all in Spanish," complained an Aymara linguist. "How can it *not* be an alienating education?"

Ayni cannot replace the national educational system, but its radio program does provide an educational experience with which the Aymara can identify. Not only is it effective because it is in the language of its listeners, but—as the accompanying example illustrates—stories are perceived by the Aymara to be a method of teaching and learning. No Aymara is too "uneducated" to understand the implications of the laziness of the sons who do not follow their mother's instructions.

Another series of fables traces the adventures of a fox. No one misses the fox's symbolism as a deceitful middleman. In some fables, the allegorical fox represents the Aymara themselves, matching cleverness against the brute force of larger, fiercer beasts. The stories reinforce traditional Aymara values of shrewdness, hard work, and respect for elders.

To gather tales, the three Ayni members who work on the radio program first visited communities throughout the highlands. Once the program went on the air, however, they began to receive a stream of stories written and mailed in by listeners. Currently, two or three tales a day arrive by mail at the radio station—many painstakingly written out in a mixture of Aymara and Spanish. Other listeners, instead of writing down

ROBERTO: But, how can you want to rest, Santico? If we work together we can finish early.

SANTICO: No, I can't. Didn't I tell you I'm exhausted?

MANUCHO: Then let's forget it. The rest of us are tired too.

GRANDFATHER: So the three lazy sons didn't plant the potatoes. Instead they cooked them and then, not being able to eat them all, amused themselves throwing them at one another. When it was late, they returned home where their old mother was waiting.

a story, come into La Paz to tell it.

The members of Ayni turn the narrative into a script. Lines are written for each character. Frequently, the same characters appear in several stories—for example, the wise grandfather and Susana and Paulino who come to him for advice.

GRANDFATHER: Paulino, you're wandering around like a stray mutt. Don't you have anything to do? Haven't you heard the saying: "Loafers, like dust, are gone with the wind?"

PAULINO: No, Grandfather. I never heard that.

SUSANA: Well, now that you have, you must never be lazy.

PAULINO: Grandfather always has good advice. His experience makes him wise.

SUSANA: That's right. We should always listen to his advice. Grandfather, what story will you tell us today?

GRANDFATHER: A story I heard in the province of Los Andes, about a widow who had three lazy sons. This was in ancient times. One day, she sent them to plant potatoes.

MOTHER: My sons, it's time to plant the potatoes. Take these seed potatoes to the field. Plant them and then come right back.

ROBERTO: All right, Mother. We'll plant the potatoes.

(Musical transition and sound of wind)

GRANDFATHER: When six months had passed, the mother told her sons to harvest the potatoes. No one wanted to. So the mother went by herself. She had scarcely begun to turn up some plants when a man came along.

MAN: Hey, woman, why are you gathering my potatoes when you haven't planted your own?

MOTHER: But, sir, I sent my sons here to plant . . .

MAN: Your sons were loafers. The day we were all working, they didn't plant one potato. They spent the whole day eating and playing.

GRANDFATHER: The poor mother returned home, filled with bitterness at her sons. Not having any food in the house, she cut a piece of flesh from her leg and silently served it to them. Soon after, she died and her sons realized what she had done. In a flash, they were transformed: one into wind, another into frost, and the third into hail.

PAULINO: What punishment! No wonder our grandfathers are not loafers.

GRANDFATHER: That's right, my grandchildren. Otherwise, as the story teaches us, they would have been swept away with the wind.

(Musical transition)

ROBERTO: Whew, these seed potatoes are heavy.

MANUCHO: These hoes and picks are wearing me out, too.

SANTICO: Oooh, I'm beat! Why did Mama have to make us walk so far? I need to rest. You plow the soil.

How is Ayni's radio program received by its Aymara listeners? At an isolated farmhouse southwest of La Paz, one woman said: "Most people around here listen to it. It's more than entertainment. It's important, because each story makes you think. And often, after listening, the young people ask for more stories."

Others are less convinced. From a community near La Paz: "Some don't like to hear that this is the way we were. They think it confirms the picture the whites have of us: primitive, superstitious, that we have strange beliefs. Some even think that it could therefore do us harm."

In Bolivia, the Aymara have the reputation of being much more impermeable than other Indian societies. They have protected themselves from the outside by sealing themselves off. Asked whether there isn't need for more intercultural communication, an Aymara rural organizer said, "For now, it's important to preserve the culture for ourselves. When we go somewhere, people look at us and ask us, 'Well, what people are you? Are you Quechua or Aymara?' And when we say, 'We're Aymara,' then they want to know what kind of people we are, what are our customs. We need to know them ourselves in order to be able to show them to others. Later on we can think more about carrying our culture to other people."

Centro Cultural Los Masis: harmonizing Bolivia's culture

When a group of youngsters play the haunting music of the Andes, Bolivia's discordant culture suddenly seems a bit closer to harmony. It is there in the instruments: the guitar brought from Spain; the *charango*, an Indian version of the guitar, its body fashioned from a humped armadillo shell; and the fur-trimmed drums, the *quenás* (flutes), and *zampoñas* (pan pipes) that are as Andean as the snow on Illimani's peak. Together, they produce a rhythmic, piercing music tinged with the desolation of the altiplano.

Late one sunny afternoon in Sucre, Bolivia's nineteenth century capital, four teenagers headed out Calle Pérez to the whitewashed, colonial-style building which houses the Centro Cultural Los Masis. Warming up for their music classes, they capered along the street, blowing riffs at one another on their *quenás* and *zampoñas*. People passing them on the narrow sidewalk smiled.

There weren't always smiles for the *quena* and *zampoña*. Sucre is perhaps the best preserved colonial city in all of South America, and it has always preened its Spanish heritage, which included a deprecatory attitude toward all things native. Until 1952, no Indian wearing traditional garments dared even enter the city's central plaza. Thus, when the young people who formed the original group, Los Masis, first began to play Indian instruments in Sucre, tomatoes sometimes came flying their way, and most people dismissed them as "hippies."

In those days, musical performance meant an occasional visiting artist from Europe. "Serious" music did *not* include sounds such as those produced by the flutes and drums of the villagers of nearby Tarabuco, whose feet, shod with rattling spurs and three-inch wooden clogs, shook the earth as they stomped through their monotonous dances. But when word filtered back from Paris and Rome in the 1960s that groups playing Andean music were the rage, many Bolivians began to listen with greater interest.

In 1969, several university students in Sucre formed a group to play Andean music. They called themselves "Los Masis." Roberto Sahonero, one of the original members, explained the name: "It's a Quechua word. It means someone of your class, your equal; someone who's neither more than you, nor less than you. An intimate friend, almost a brother." During the next decade, Los Masis prospered. They released several records and traveled thousands of kilometers on concert tours.

Since it was composed of university students, Los Masis began losing members as they finished their studies and moved on to other careers. Tito Tapia, another original member, thinks it was this inherent instability of the group that motivated some members to begin teaching music and dance to children in Sucre. After 1975, they found themselves devoting more and more time to teaching, and in 1980, the group known as Los Masis played its last concert together. But by then, the Centro Cultural Masis was well established.



Since 1980 the center has offered nightly classes in guitar and Andean musical instruments. In its workshop, students are taught to make as well as play the traditional instruments. More importantly, they learn to value the culture that they symbolize. There are also classes in theater, mime, and the Quechua language. Students who can afford it are asked to pay \$4 for the two- to three-month courses. Those whose interest in the music continues are encouraged to form their own groups.

The Masis center's impact on life in the Sucre area is varied. For example, the center has placed its mark on Sucre's carnival—a four-day, pre-Lenten celebration—by reviving the traditional synchronized dances. In the weeks leading up to the pre-Lenten festival, the center offers classes in traditional dancing, and the number of people participating has doubled every year. The center directs an exhausting regimen of physical training and nightly practice. This year, 500 children, teenagers, and adults signed up for five weeks of strenuous conditioning every morning from six to eight o'clock plus an hour of dancing six evenings a week.

The efforts of the Los Masis Center are felt especially in the poor barrios on Sucre's outskirts. There, many impoverished, Quechua-speaking migrants from the countryside face a daily struggle for survival in an alien world. Many of the barrio's residents are rural children sent by their parents to live with relatives during the school year. "A child will come in here crying



Children trained at Centro los Masis give outdoor concert in a barrio on the outskirts of Sucre.

because someone called him an Indian," said a foreign teacher in one barrio. "They have lovely legends, lovely traditions, but they're not valued, and so they don't value themselves. The problem is how to learn to value those things again, in the face of a modern world that devours tradition."

El Tejar is one such poor neighborhood—dark, low-roofed houses that are crowded along the railroad tracks below the city. One Saturday night last February, 250 people jammed the parish hall while dozens more strained at the doorways and open windows for a program that included works in progress by the center's theater group, educational slide shows on local festivals, and traditional music by four newly trained groups.

That night, after each of the center's barrio performances, three scholarships for music classes were awarded. In fact, students from all the nearby neighborhoods now attend classes at the center. And instructors from the center are beginning to work in more distant barrios.

The slide show at El Tejar was produced by the center's research unit, which documents the cultural legacy of the Sucre region. Similar narrated slide shows are presented in the schools. Nanta Ruaspa, the center's twice-monthly radio program (in Quechua, it means "to open a road"), draws upon these materials. The program reaches listeners in both rural and urban areas. School children typically have been taught to esteem foreign culture and to denigrate their own. This is the first systematic effort

in the region to treat the culture, history, and geography of surrounding communities as educational tools.

A group called "Raíces," seven teenagers who have been playing together since they were ten years old, now teach in San Juanillo, a poor neighborhood on the far side of Sucre. Raíces is clear evidence of the center's ability to train accomplished musicians and to imbue them with respect for traditional culture. They have already won top prizes in regional and national festivals. Their repertory has grown from the days when, as one of them recalled, "If an audience asked for an encore, we'd play the same song again. We only knew two songs then." The group plays and dances in traditional Indian dress. It is the same clothing which, outside the center, still provokes middle-class disdain. The challenge, which Los Masis recognizes, is to generate the same respect for Indian dress on the street as it now generates on the stage.

The center's growth and diversification have more than met the hopes of the young musicians who gave up their own performing careers to found it. Asked if he missed his days of touring with Los Masis, Tapia said: "Yes, a bit, but teaching at the center keeps me in touch with the music. More important, I have the sense that there's something permanent. Behind me there are 35 or 40 young people that I've helped to train. We've transmitted not only the music, but the tradition of teaching. Now Raíces, who are only kids of sixteen—they're already teaching the younger kids."

Bread and Roses

In 1912, mill girls in Lawrence, Massachusetts, went on strike under the banner, "We want bread and roses too." Many Bolivians, surveying their country's poverty and disarray, have concluded that bread and roses—economic and cultural development—are inseparable, and that in fact, the latter may well be a precondition to the former.

Ayni and Centro Cultural Masis are two responses to the cultural divisions that afflict Bolivia. Both projects emphasize Aymara and Quechua values of mutual assistance, solidarity, and equality. The members of Ayni and Centro Cultural Masis believe that until criollos better appreciate the values of the majority of the nation's inhabitants, Bolivia's future will remain bleak. Linguist Juan Yapita de Dios put it this way: "A great need here is to diminish the ignorance of the criollo, to educate him to the worth of the native values. It is the discrimination practiced by the criollo against the indigenous people and all the resulting distortions in education, in jobs, in possibilities for advancement which is the brake on Bolivia's development."

Centro Cultural contributes to that educational process by legitimizing Indian culture. It distinguishes itself from music groups in Bolivia by its social commitment to the poor and its educational activities aimed at changing attitudes and values.

PATRICK BRESLIN is a free-lance writer from Washington, D.C., who frequently writes about Latin America. He has lectured on Latin American literature and folk music and is the author of Interventions, a novel set in Chile. He holds a doctorate in political science from the University of California at Los Angeles.

Two women's production cooperatives

Ann Hartfiel

All production cooperatives face a struggle to obtain start-up capital, credit, raw materials, technical assistance, and access to markets. The problems confronted by women's production cooperatives are even more acute. In many countries, credit for operating and investment capital is difficult for women to obtain. Lending institutions often refuse to make loans unless husbands or other guarantors co-sign. If the women are Indian and speak Spanish poorly, they are even more dependent on men for their business dealings.

In many places, women are unable legally to own their cooperatives so the businesses are registered in their husbands' names or operated as subsidiaries of cooperatives owned by men. If the cooperative succeeds, supporting organizations may be unwilling to relinquish control to the women who made it work.

Despite these obstacles, production cooperatives allow poor women to join together to pool resources and address their common problems. Since 1972, the Inter-American Foundation has made approximately 50 grants to help women's production cooperatives. Here are the stories of two of those cooperatives.

The women of Paloblanco, Colombia

In 1976 the foundation received a letter from a Colombian parish priest requesting funds for the Paloblanco garment production group. Paloblanco is a low-income district on the outskirts of Buga, a small town in the Cauca valley of western Colombia. The 25 women were sewing children's clothing which they sold locally. Their

group operated informally within a savings and loan cooperative organized by the priest.

The women had organized the sewing group to earn cash for household expenses. At first they worked at home, with their own sewing machines. As the work load grew, the priest helped the women obtain a \$10,000 loan to purchase semi-industrial sewing machines, and the business moved into the parish hall.

The priest and the women, however, underestimated the burden that repaying the loan would place on the new business. Loan payments and other costs left nothing for profits or even wages. Nevertheless, exhorted by the priest, the women worked every day and into evenings to repay the loan.

An application to the Inter-American Foundation for a grant on the women's behalf was initially turned down because the business was largely controlled by the priest. The principal role of the women was to provide labor.

The priest failed to show the foundation's reply to the women, perhaps because he feared that they would become discouraged. Eventually, with the help of another local organization, the women learned of the reply and resumed correspondence with the foundation. They re-applied for a grant through the savings and loan co-

operative, demonstrating their commitment and a growing capacity to manage their own business affairs.

Beyond earning income to assist their families, the women hoped to invest profits in the community—in medical and dental services and a day care center. They also hoped to expand the business to employ more women, and they proposed to sell garments directly to consumer cooperatives in urban and rural areas at reduced prices. In addition, they wanted to establish a consumer section within the savings and loan cooperative that would sell staple items, including the clothing that they sewed.

The women desperately needed capital to improve their cash flow. The lag between completing garments and receiving payment from buyers forced them periodically to interrupt group production and take in piecework from large manufacturers. This was the only way they could keep up their loan payments without losing their machines. They could not afford a second loan for operating capital which would put them deeper into debt.

Because of their resolve and their demonstrated ability to produce and sell quality merchandise, the foundation granted the women \$45,800—\$25,000 for working capital, \$10,800 to establish an inventory for the proposed consumer outlet in the savings and loan cooperative, and \$10,000 to build a sewing workshop and small store.

When the grant was made in September 1977, the production group contained 13 women and several others who worked at home. The grant was made through the savings and loan cooperative which, within

The seamstresses of Paloblanco, Buga, Colombia.

months, usurped nearly a quarter of the grant funds for its own ailing operations. Later it would be discovered that this diversion of money was not an isolated incident. Using photos of the women taken in the parish workshop, the priest applied for and received funds from European donors in the women's behalf. The women were unaware of these applications.

As the story came to light, tension grew between the women and the cooperative; and finally they broke relations with the cooperative and the priest. When the women tried to form their own cooperative, the priest interceded with local officials to delay its legal registration. He also claimed title to the sewing machines.

Eventually, the women obtained legal status as an independent production association, and the remainder of the foundation grant was transferred directly to them. In the meantime, however, the sewing machines had been repossessed and grant funds had to be used for a downpayment on new industrial machines.

The women overcame these setbacks, and their business took hold and thrived for the next three years. By 1981 the group had repaid its outstanding loan on the new machines and was earning a profit. The coop made marketing arrangements that provided a secure outlet for production and a reliable source of raw materials. The members of the group also became leaders in their community. Among their projects was the formation of a neighborhood youth group which promoted community improvement programs such as adult literacy courses.

With so much of the foundation's



grant siphoned off by the savings and loan cooperative or invested in the new machines, the group was not able to expand its operations and earn sufficient profits to organize the consumer store or support other community services.

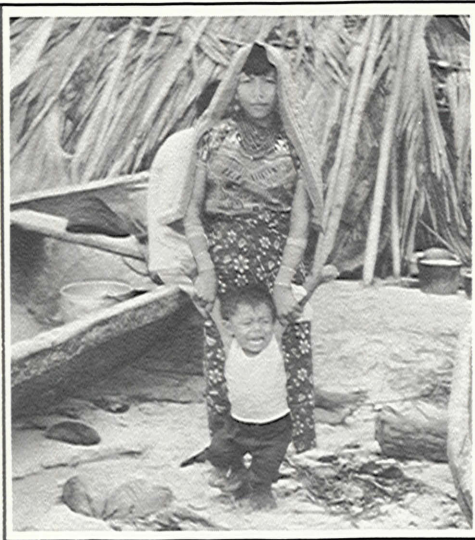
The foundation provided the women with an additional \$19,000 in early 1981 to double the size of their workshop, to make a downpayment on six more machines, and to recruit six new workers. With the increased profits, the cooperative planned to equip and operate a consumer store and a health clinic. Both would be housed in the enlarged work site.

By late 1981 the workshop expansion was nearly complete. Although only four new sewing machines had been purchased instead of the six originally budgeted, the women worked in the shop in three shifts and in their homes on their own machines. The group had organized and paid for a sewing course for 26 other women, who then joined the work force. The

cooperative achieved a 250 percent increase in production, far exceeding their initial plans. Seventy percent of that production was sold under the group's own label rather than on consignment to large manufacturers.

Once again, however, the women were unable to generate enough profit to start the consumer store or provide community services. The women did not give up on their larger ambitions. They began to work toward the formation of a consumer food outlet which would be supplied by small farmers in the Buga Valley and which would provide produce and other staples at wholesale prices.

In early 1982, the foundation turned down the group's request for another grant to equip and stock the store and pay a shopkeeper's salary during its first year. The women were encouraged to start the consumer store first—albeit modestly—with profits from expanded production.



Kuna woman with child, San Blas Islands.

The Kuna Indian women of Panama

Unlike the women of Paloblanco, who began working in an informal sewing circle to earn extra income, the Kuna women of the San Blas Islands in Panama are experienced commercial artisans. For many years they have sold *molos*. In the Kuna language, *mola* means "blouse," but it now also refers to the front and back panels of blouses that are made by appliqueing multiple layers of colored cloth. Outsiders usually buy these *molos* as wallhangings.

In 1974 a group of Kuna women formally organized themselves into a production cooperative. While cooperatives are common among Kuna men, this was the first such group formed by women. By January 1978, when the IAF made a \$32,500 grant, the *mola* cooperative had over 300 members on seven islands. They sold *molos* both on the islands and through outlets in Panama City. Indeed, *mola* production had developed into a major source of income in the otherwise agricultural economy of the Kuna.

The two-year grant provided funds to strengthen the organization and administration of the cooperative. Its goals were to increase members' participation in decision making, augment the quantity and quality of *mola* production, and double membership. Seminars on cooperativism, crafts production, and marketing were planned for cooperative chapters on each island. Local subcommittees were to be created for quality control and for

membership recruitment programs. A total of \$7,000 in working capital was provided to buy fabric and thread, while \$9,000 was earmarked to purchase sewing machines and an outboard motor for travel among the islands. The cooperative expected to reinvest a substantial portion of its annual profit into a working capital fund which would raise production and permit the addition of new members.

A Kuna cooperative technician was hired to conduct the training seminars and provide technical assistance. Additional support came from the Cooperative Department of the Ministry of Agriculture. A private service organization in Panama City supplied an accountant to help improve the cooperative's financial management.

The project started slowly, but the cooperative managed to double its income during the first year of the grant. The infusion of working capital enabled the women to secure an ample supply of raw materials, and the demand and price for *molos* grew substantially. Membership expanded to more than 750 women, and two additional islands established chapters of the cooperative.

Training courses began on each of the nine participating islands during 1979. Production continued to increase and improve. Quality control was enforced by skilled Kuna needle-workers, who traveled among the islands to train other women. The officers of each local chapter gave "advances" of fabric to members and sold them thread, needles, and scissors at cost.

By mid-1980, the cooperative had grown to more than 1,300 members on 13 islands, and on four other islands

500 potential members were waiting to join. Kuna women living in Panama City were also organizing a chapter. The cooperative employed a manager, an assistant manager, and an aide—all Kuna women.

Sales reached \$90,000 in 1980 and \$100,000 in 1981. Export markets were established in the United States, and the cooperative opened a local sales outlet in Panama City. Besides the traditional *molos*, the women were producing such items as stuffed animals, handbags, tennis-racquet covers, and even shoulder patches for the federal tourism office. With funds from the Catholic University in Panama City, the cooperative manager attended an artisan fair in Chile in December 1981, and the cooperative entered three items in an international artisanry contest in Brussels, Belgium.

The cooperative, however, continues to have a cash flow problem. Because of the growth in the membership, there is seldom enough operating capital to pay women immediately for their work. Consequently, members who need money sometimes buy materials and sell their *molos* independently—but at lower prices.



Trying to succeed

The women of Paloblanco, Colombia, and the Kuna Indian women of Panama have demonstrated that women can band together to form their own businesses and make them work. Admittedly, the Kuna women were blessed with a product—*molas*—that had unusual international appeal. With ready-made markets, the cooperative should have succeeded and did. Yet more interesting than the financial success is the impact of that success on the women and their community.

The mola cooperative not only bolstered the islands' economies, it changed the lives of the Kuna women. Kuna men now willingly permit their wives to visit other islands for training courses and seminars. Indeed, women on the islands often now have more cash income than men, and women's commercial work has gained new respectability. Individual chapters on several islands have sponsored celebrations and contributed to community needs such as boat repairs. Some chapters are able to lend money informally to individuals and small businesses. The cooperative also maintains a Christmas savings plan in Panama City that helps satisfy a growing demand for consumer items such as radios and outboard motors. Many women are using their earnings to send their daughters and sons to high school in Panama City, and in some cases, to the university. Older women are studying Spanish and learning to read in a Ministry of Education program coordinated through the cooperative.

In 1979, the president of the mola



cooperative spoke before the formerly all male General Congress of the San Blas Islands—one of the first women to do so. Last year she addressed the group again, successfully obtaining formal recognition of the economic importance to the region of mola-making. After seven years of building the cooperative, the women are making substantial economic contributions to the islands. But perhaps more important, they have gained widening recognition for their work and a new voice in their own communities.

The women of Paloblanco faced a steeper climb. They had to overcome special obstacles that were made worse by their being women. For years, they had worked for their parish priest. Earnings were deferred, the priest said, until debts could be paid. In fact, the women were a revenue-generating source for other parish projects. Grants intended to fund the women's business were diverted to other activities.

It took the women many years to understand how they were being exploited. Even when evidence surfaced, it was difficult to challenge both male and church authority. Instead, the women accommodated themselves to the situation, working harder rather than protesting. Perhaps their most difficult step was to recognize that if their business was to survive, if they were ever to be rewarded for their own labor, they would have to legally form and manage their own enterprise.

That was not easy to do. Local officials were not inclined to disbelieve a priest and saw little reason for a group of local women to want to start their own business. Nevertheless, the women persisted for more than a year and eventually registered as an independent production association. After a subsequent investigation of parish operations, the priest was transferred to a new position far in the interior.

To successfully operate and manage their own business was no minor accomplishment. It required endless hours of underpaid effort and years of collective sacrifice. Yet in this respect the obstacles the Paloblanco women overcame were probably no more severe than those facing any cooperative enterprise. Their real hurdle—the more subtle and serious one—was a structure of traditional authority that denied their capacity to act for themselves. To have successfully met *that* challenge is indeed an achievement for which the women are proud.

ANN HARTFIEL is a former IAF representative. This article is based on her study of IAF projects in support of women. Karin Tice, a graduate student at Columbia University who received an IAF masters fellowship to study the Kuna mola cooperative, contributed to this article.

Most Inter-American Foundation funding supports projects that directly assist the self-help efforts of poor people. As part of its responsibility to test and promote new ideas about development assistance, the foundation also seeks to learn from its projects.

Several kinds of studies are conducted with foundation support. First, grants are regularly evaluated as they draw toward conclusion. These evaluations—usually conducted by Latin Americans and Caribbeans—document what did and did not happen with individual projects. They are useful to the foundation in its decision making and provide helpful feedback for grantees. Second, the foundation conducts reviews of its work by program area and country and carries out studies related to its grantmaking. Recently, reviews have been undertaken in health, self-help housing, rural credit, legal services, and women's projects. Third, Latin American research in-

Research reports:

Results of recently completed research

An Evaluation of the Colombia Workers' Bank

In 1974, IAF made a \$500,000 grant to Colombia's largest labor federation, the 700,000 member Unión de Trabajadores de Colombia. The purpose of the grant was to establish a bank that would serve the needs of workers, unions, cooperatives, artisans, and small businesses.

The bank was to supply short-term loans to cooperatives and special banking facilities for unions. A technical assistance department was planned to offer advice to customers inexperienced with banks. Once able to return a profit to shareholders, the bank expected to further liberalize its policies by making unsecured and longer-term loans, reducing interest rates, providing overdraft protection, and expanding services through the technical assistance department. In part, the bank was capitalized with union pension funds. To ensure worker control, 70 percent of voting stock was purchased by workers and their organizations, and these voting stockholders elected five members of the seven-member board of directors.

Over a five-year period the project was evaluated periodically by a Colombian economist, Giovanni Ciardelli. He found the bank to be operating increasingly as a successful, but conventional, commercial bank. It fell short of its ambitious social goals, a shortcoming that he attributed to national economic conditions and to conservative bank leadership.

Although the coffee boom and drug exports during the 1970s swelled foreign reserves and commercial bank deposits in Colombia, they also fueled inflation.

Banks charged ever-higher interest rates. The managers of the Workers' Bank adopted commercially oriented policies to take advantage of this situation, and these new policies yielded a 20 percent profit in 1978.

The evaluator found that over 90 percent of bank deposits in 1976 and 60 percent in 1979 were made by conventional commercial entities and most of the remainder was accounted for by government deposits. Cooperatives and labor groups contributed less than three percent of deposits. The bank did not benefit from either government subsidies or protective legislation that would give special advantage to the poor. As a result, it tended to serve the needs of its principal depositors.

The bank is controlled by worker representatives, but Dr. Ciardelli's evaluation found that stockholders generally supported the board of directors' emphasis on profits and larger dividends. Bank officials argued that they could not afford the gamble of creating a soft-loan window for high-risk clients. This position was reinforced by the high levels of default in 1980 when the bank extended consumer loans to workers at subsidized rates. Rather than arguing for greater risk-taking, the managers called for diversification of financial services by providing insurance and mortgage services in addition to loans. This, they said, would attract depositors and eventually expand capacity to provide subsidized credit.

Although its efforts to serve cooperatives and workers' organizations have been limited, the bank has made some loans for cooperative expansion and consumer credit. Still, Ciardelli points out, these loans do not necessarily mean

stitutions propose their own studies. Last year some 20 grants were made for research on development issues. And finally, through its fellowship programs, the foundation annually provides opportunities for advanced training to about 50 graduate students and junior researchers from Latin America, the Caribbean, and the United States.

All foundation-supported research is related to issues of poverty and development, but there is great diversity in the style, content, and audience for these studies. Here are reports on four projects recently completed: an evaluation of a workers bank in Colombia, consumer research in Mexico, a one-man educational campaign in defense of black culture in Ecuador, and a doctoral study of the coffee credit system in Costa Rica.

that the bank is meeting its goal of providing credit to unserved groups, since many cooperatives are profitable enough to obtain commercial loans elsewhere.

Because of the bank's success in leveraging local funds, the foundation terminated the grant without disbursing the final balance of \$135,000. Unlike workers' banks in other countries, the Colombian bank is treated like any other corporation within the private banking system. Dr. Ciardelli argues that subsidized credit and protective legislation may be necessary if the bank is to serve the poor and compete with commercial lenders.

Applied Consumer Research in Mexico

The Mexican Association of Consumer Research (Asociación Mexicana de Estudios para la Defensa del Consumidor) is an activist research group that works to help Mexicans obtain better value for the money they spend. In 1981, the association received a four-year IAF grant to study food consumption by low-income groups and to analyze 50 food products offered on the commercial market.

The study was designed so that findings are continuously disseminated through the Mexican mass media. A major portion of the study is directed to analyzing specific consumer items. As laboratory results and product surveys are completed, press releases are sent to the country's 15 leading newspapers. Provincial papers, in turn, pick up and reprint the information. Full reports appear in the association's monthly magazine, which has published hundreds of consumer articles since its founding in 1972, and in the publications of the

Mexican national consumer institute. Findings from the studies are aired on radio discussion programs and, with increasing frequency, on national television.

In the past months, dozens of items like those that follow have appeared in the Mexican mass media reporting and commenting on the studies:

—Forty-five percent of the milk sold in Mexico is diluted with potato starch or water. Commercial containers of milk contain an average of 93 percent of their advertised content. Laboratory analysis of 12 randomly selected brands of "pasteurized" milk showed that only one was within norms of purity and weight. Virtually all were contaminated with fecal coliform. The association warns that even commercially packaged milk should be boiled.

—Of 34 brands of food oils sold in the country, 12 are adulterated with cheaper oils. The association publicized widely the brand names of the adulterated oils and listed the contents with which they were diluted.

—Mexicans consume 130 million kilos of tortillas per day, a consumption of 10 tortillas per person. Although there is a consumer preference for white tortillas, the association's analysis shows that yellow tortillas contain more and more-easily digestible protein and are higher in vitamin A. The association sampled 62 of the 44,000 *tortillerías* in Mexico City. Only five percent were found to sell tortillas by full weight. There was widespread contamination of fresh *masa* with lime, corncob, and re-ground stale tortillas. The association is calling upon local and national authorities to control widespread fraud in the sale of corn and flour.

—All but one of 25 brands of packaged rice are of lower quality than claimed on the package. This costs consumers nearly \$60 million annually. Most of the packaging irregularities are found among the inexpensive brands of white rice purchased by low-income consumers. The more nutritious brands of whole-grain rice—which are two or three times more expensive but a better value—are generally unfamiliar to low-income households.

—Fruit juices purchased in containers cost up to two and a half times more than fruit juices squeezed at home, and they are uniformly of poorer quality. Consumers are warned of the high level of bacteriological contamination of juices sold by street vendors and the high sugar content and poor quality control of canned juices.

Black Literature in Ecuador: Educational Research by Juan García

Blacks in Ecuador have a rich oral lore that they brought from Africa and developed in the New World. Yet this legacy is rapidly being drowned out by the transistor radio, standardized school curricula, and the portable television set.

Juan García is a self-trained folklorist from Esmeraldas Province on the coast. He is collecting disappearing cultural forms in order to return them to his people. His tools are the tape recorder, camera, notebook, and his own exceptional skill as an interviewer. Working with support from an IAF grant, he is a one-man campaign in defense of black culture.

What Juan García lacks in formal degrees, he makes up for in imagination,

sensitivity, and an insider's knowledge of the people with whom he is working. The object of his research is not collection, classification, or analysis. He gathers material, mainly from elders, in order to reintroduce black children to their own culture—for example, through mimeographed teaching materials that he prepares for local schools. He is striving to rekindle excitement and generate respect for fast-disappearing tales. By publishing anthologies of poems and stories, he seeks to legitimize black literature, both to his own people and to non-black Ecuadorians.

A major focus of García's work is the collection of *décimas*—oral poems which consist of four rhymed lines followed by stanzas of ten lines each. García has now collected hundreds of *décimas* in Esmeraldas and Chota. They are lively poetic records of events and issues that touch upon the lives of their creators—for example, the cost of living, the appearance of miniskirts, or the health hazards of flies. Frequently they are satirical, barbed commentaries aimed at the authorities, outsiders, or the villagers themselves. Some *décimas* are bawdy, some are religious, and some are flights of pure fantasy. Memorized and often passed down through generations, *décimas* give historical accounts dating back centuries. García views himself as racing against time. In many instances, the half-remembered *décimas* that he finally commits to paper are the only history that exists for his people.

The Coffee Credit System in Costa Rica: Doctoral Research in Agricultural Economics

In Costa Rica, national funds to finance coffee production and marketing

are channelled through the banking system and loaned to private coffee processing plants which, in turn, relend the money. These processing plants, or *beneficios*, extend credit to thousands of small and medium-size producers.

For her doctoral dissertation in agricultural economics at the University of Nebraska, Gayle Morris worked 15 months in Costa Rica analyzing the lending and borrowing costs of the *beneficio* system. Her data included lending information from five *beneficios* and the borrowing records of 150 producers.

Costa Rican *beneficios* are organized as either agricultural cooperatives or private firms. Located in the coffee-producing regions, most provide credit for cultivation, harvesting, processing, and marketing. Many also sell agricultural supplies and household goods.

Beneficio lending costs include interest on the loans they receive from national banks and the administrative costs of allocating and collecting loans. The lending costs for two sample *beneficios* were estimated at 10 and 16 percent of their total credit to producers. This is consistent with lending costs for small industry and agricultural operations in other developing countries. To recover its lending costs, the *beneficio* collects interest and other fees. Borrowing costs incurred by the coffee producers averaged 15 percent of the total value of the loans they received. By comparison, borrowing costs for agricultural producers in other developing countries are estimated to be about twice as expensive.

More than 97 percent of the total volume of coffee credit provided in the 1970s to small and medium-size coffee producers was made available through the *beneficio* system despite special credit arrangements and lower interest

rates offered by commercial banks within the national banking system. The convenience of local *beneficios* appeared to reduce travel costs and lost work time associated with the national banks. Additionally, *beneficio* borrowers were able to receive their loans within a system already familiar to them.

In Costa Rica the central government monitors credit delivery without directly controlling it. The system combines elements of public sector decision making (the central bank determines the interest rate and the amount of available credit) with private sector business management (private *beneficios* and cooperative *beneficios* allocate credit among producers and have responsibility for collection). *Beneficio* involvement in the financing, processing, and marketing of coffee makes possible the low borrowing costs and the high level of loan repayment that characterize the system. By utilizing government institutions and private sector firms (*beneficios*), the coffee credit system efficiently channels national funds to small and medium-size producers.

Inter-American Foundation

Foundation Officers

Peter D. Bell, President
Lawrence E. Bruce, Jr., General Counsel
Peter Hakim, Planning and Research
Robert W. Mashek, Caribbean and Brazil
Leon M. Parker, Support Services
Marion Ritchey, Andean Region
David Valenzuela, Southern Cone
Sally W. Yudelman, Mexico, Central America, and Panama

Board of Directors

Peter T. Jones, Chairman;
Senior Vice President, Legal and External Affairs, Levi Strauss & Co.
Thomas O. Enders, Assistant Secretary for Inter-American Affairs, Department of State
Doris B. Holleb, Director, Metropolitan Institute, University of Chicago
Alberto Ibargüen, Vice President and Deputy General Counsel, Hartford National Bank and Trust Company
Marc E. Leland, Assistant Secretary for International Affairs, Department of Treasury
Peter McPherson, Administrator, Agency for International Development
Luis G. Nogales, President, Nogales, Bermúdez, Chase & Tamayo, Inc.

Advisory Council

Augustin S. Hart, Jr., Chairman;
Former Vice Chairman, Quaker Oats Company
Rodrigo Botero, Bogotá, Colombia
Manuel R. Caldera, President, AMEX Systems, Inc.
R. Michael Finley, Vice President and Treasurer, Florida Business Associates
John M. Hennessy, Chief Executive Officer, Credit Suisse First Boston, Limited
William H. Jordan, Jr., Former member of the professional staff, Senate Appropriations Committee
George Cabot Lodge, Professor, Graduate School of Business Administration, Harvard University
Harry C. McPherson, Jr., Attorney; Verner, Liipfert, Bernhard & McPherson
Charles A. Meyer, Former Senior Vice President, Sears Roebuck and Company
Richard Rubottom, Professor Emeritus, Southern Methodist University
Viron P. Vaky, Associate Dean, School of Foreign Service, Georgetown University

The Inter-American Foundation is a public corporation created by the United States Congress in 1969. It provides direct financial support for self-help efforts initiated by poor people in Latin America and the Caribbean. The foundation does not work through governments, but with private groups such as agricultural cooperatives, small businesses, community associations, and technical assistance organizations. IAF makes about 200 grants a year, for projects in almost every country in Latin America and the Caribbean. Approximately half of its funds are appropriated by Congress and the remainder come from the Social Progress Trust Fund of the Inter-American Development Bank. Its budget for 1982 is approximately \$25 million.

